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ABSTRACT

The report provides statistical information on the immediate and long-term impact of money and economics on American life in 1975. Included are data concerning the impact of money on family structure, intra-family relationships, values, money management, health, and life-style. Statistics are based on 2,194 interviews, including interviews with second family members in 947 of the households surveyed. Although a majority report they are no further in debt than a year ago, over half are worried about their future financial security. Family consensus on money matters seems to break down only in families which try to shield children from money worries. Half of the families believe that the government has the obligation to provide each family with work and a good standard of living. Worries focus on unemployment, debt, and need to draw on savings to meet current expenses. Adjustments in life-style include elimination or reduction of vacations, less use of electricity, reduction in meat consumption, and postponement of medical and dental checkups. Cars and appliances are repaired rather than replaced. Forty-one percent of wives work full or part-time to supplement the family budget. Two-thirds of families use credit to pay for day-to-day expenses; 29% have government bonds; and 80% have health insurance. Information about the survey instruments and methodology concludes the report. (Author/AV)

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THE GENERAL MILLS AMERICAN FAMILY REPORT 1974-75

A STUDY OF THE AMERICAN FAMILY AND MONEY

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Conducted by:
Yankelovich, Skelly and White, Inc.

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INTRODUCTION

This is a report about America's 55 million families and their money — its impact on their lives, their values, their hopes and fears at a time of serious national economic stress.

Conducted by Yankelovich, Skelly and White, Inc. and funded by General Mills, Inc., this study is the first in a projected series of research reports on the American Family, sponsored by General Mills, Inc. because of its continuing commitment to the well-being of the nation's consumers.

The study was conducted in three stages: an intensive exploratory phase based on 10 focused group discussions in different areas of the country; interviews with over 150 experts who deal with the American family in many areas of their lives and a final quantitative phase.

The results in this report are based on a national probability sample of 1,247 families and a total of 2,194 interviews, including interviews with second family members in 947 of the households surveyed.

The study is designed to provide statistically reliable information and insights into both the immediate and longer-term impact of money and economics on major aspects of American life, including:

- Family structure
- Intra-family relationships
- The value system
- Money management
- Money—hopes and pleasures
- Money problems
- Relationships to institutions
- Health and well-being
- Life-style
- Outlook and goals

The General Mills American Family Report seeks to provide the general public, scholars and concerned professionals with information which they can use in the troubled period ahead.

In a special effort to make this study relevant to the needs of the professional community, we consulted with a special advisory panel of experts, and with more than 150 additional experts who were interviewed in the initial phases of the research. Members of the advisory panel included:

Elizabeth Fowler, Personal Finance Editor, The New York Times

Fred Hechinger, Member Editorial Board, The New York Times

Dr. Robert Heilbroner, Norman Thomas Professor of Economics, New School for Social Research

M. R. Hellie, President, Credit Union National Association

Dr. Herbert Holden, President, The American Academy of Family Physicians

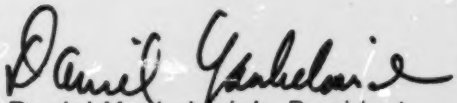
Dr. John Knowles, President, Rockefeller Foundation

Max Lerner, Visiting Professor of Politics, Pomona College

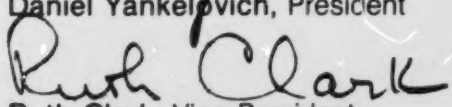
Dr. Ernst Wynder, President, American Health Foundation

Mrs. Whitney Young, Chairman, Whitney Young, Jr. Memorial Foundation

We would like to express special appreciation to the members of the panel for their advice and assistance.



Daniel Yankelovich, President



Ruth Clark, Vice President

Yankelovich, Skelly and White, Inc.

SUMMARY

Confronted by economic uncertainty, inflation and unemployment, America's families are trying to cope. Some succeed; some do not. Today's family is troubled, but it is also strong and resilient.

That families feel a deep and pervasive sense of economic insecurity comes as no surprise — and this study documents the spread of that insecurity. And that many families question the moral direction of this country and the quality of its leadership also is no surprise: it has been reported in countless surveys and media reports, and is documented in this study as well. But what does emerge as heartening news in the present study is a picture of the great strengths and adaptive capabilities of the American family — the flexibility, sturdiness and vitality of the family in meeting economic uncertainty and strain.

On balance, individual family members express confidence in the health and well-being of their own families, their ability to work and sacrifice together. But many are no longer certain that this will be enough to get them through the worsening recession or economic depression which most feel is likely to come.

For most families, uncertainty and concern have not fostered a sense of "live only for today." Rather they wonder how to cope with today, how to prepare for tomorrow while worrying about their nation and its leaders. In short, difficult times have served to strengthen family members' commitment to many values—family, financial security, savings and thrift—but they have also eroded family confidence in the future.

In this study we have focused on those areas of family life in which the nation's experts, concerned citizens and parents may be able to provide concrete help and guidance for the difficult days ahead.

More than 150 experts who deal with the American family directly or indirectly in the areas of money concerns were interviewed in connection with this Study. Overall, the results of the Study helped to document many of their major hypotheses. At the same time, the findings should help to assuage some of their apprehensions about the ability of Americans to cope with difficulty.

Experts offered the following views about the impact of the present economy on the American family:

Problems of Adjusting to a New Economic Situation
According to many experts, the United States has become so accustomed to affluence and economic growth that many families may be unprepared, and even unwilling, to face up to the threat of austerity and sacrifice presented by today's uncertain economy. This might be especially true for the post-World War II generation, for whom the Great Depression is no more than a remote and unfamiliar piece of history. Moreover, this faith in an ever-prosperous economy was thought by many experts to be diminishing traditional American concern with thrift and with planning for the future— a dangerous trend which would leave many families exposed and vulnerable to hard times.

Signs of Trouble
Many experts identified worrisome trends—increased levels of borrowing, greater reliance on credit buying and late payment of bills—resulting from stresses created by current economic problems.

But, in general, the experts were divided in their evaluation of how seriously inflation and related problems have hurt American families so far. A majority, though, felt most families would still be able to cope by making some day-to-day adjustments in the way they live.

End of the American Dream
Many less affluent families, suggested the experts, may be losing faith in the American dream of an abundant future. Simply meeting today's problem may be undercutting the hopes and plans of many who were looking forward to owning a home, to college for their children and to a financially secure retirement.

Lack of Economic Know-how

While many families have begun to adjust to the economic pinch, it is feared that their choices of where to cut back and how to budget might be either unwise or ineffective. There have been reports, for example, that some families have decided to postpone medical and dental checkups as a means of saving money. And other families were said to be using up their savings in order to maintain their present standard of living.

According to the experts, part of the problem lies in the need for improved money management skills. Additional consumer education in the school curriculum—to help teach young people how to budget, to conserve and extend resources and to plan and save for the future— is one often mentioned solution.

Money and Family Relationships

There was little doubt in the minds of the experts that money can be a major source of stress and breakdown in families. But, most took the view that economic adversity was more likely to exacerbate the preexisting strains and tensions.

Some experts thought hard times and austerity might help Americans rediscover a simpler, more basic life-style and value system. Others worried that intensified economic strains would lead to increased skepticism and alienation from American social and political institutions.

Such were the perspectives of the experts.

Now for the actual views and experiences of the American family.

Overall, here is how individuals assess the state of their own family and the state of their nation.

A majority or more report they are:

- Feeling the effects of inflation but still managing to cope
- Enjoying the same or a slightly better standard of living than a year ago
- No further in debt than a year ago
- Still optimistic about the current year

Less optimistically, however:

- Most people are worried about the state of the country, the economy and the lack of leadership
- One out of two fears the United States is heading for a depression
- A third of all families *are* feeling the full impact of inflation and recession
- Over half are worried about their own future financial well-being and security
- Almost one out of two families no longer feels a sense of self-sufficiency. Instead, it is convinced that its future well-being will be determined not by its own actions, but rather by what happens to the country
- And money is a source of argument in more than half of the families

For most families, then, this is a time of watching, waiting, trying and accommodating to a new situation; but for some it is already a period of serious economic distress.

II: FAMILY CONSENSUS

What does not appear on the preceding balance sheet and what must be considered for a fully rounded picture is the high degree of family consensus on money matters. Two interviews in the same family—with the husband, wife or teen-ager—found substantial agreement within families about the economy and its impact on family life. This consensus apparently exists whether or not the family members are "savers" or "spenders," whether or not the family has a "budget" and whether or not the family argues often about money.

If there was any breakdown in this family consensus, it came in families which tried to shield their children from money worries. As a result, teen-agers in those families were somewhat less aware of changes in their living standards. But even this lack of consensus was found in only a minority of homes.

III: NEW VALUES; OLD VALUES

An implicit part of today's problem is that American families are, at least in part, psychologically ill-prepared for hard times. Two decades of relative economic stability and rising affluence have created an environment in which many things once considered luxuries are now taken for granted. For a majority of families, color television sets, two cars, dining out, going to the movies, entertaining at home are basics — not luxuries. Among families hardest hit by the economy, the distinction between luxuries and basics is beginning to change but only gradually.

Even more important, however, is the fact that the previous period of rising living standards has created an attitude among half (50%) of all American families that the government has the obligation to provide each family with work and a good standard of living.

Another parallel theme expressed by a majority of families, too, is a continuing belief that each year things will improve for them financially. Today, fewer than one of two families is willing to admit that it may not be better off economically in the future. Even among this group, however, more than half still feel they have "the right" to an improved standard of living each year. The contradiction between acceptance of reality and the commitment to a new "social right" presents a pressing dilemma to many families today.

In facing the present economy and the economic problems which lie ahead, the American family has many resources — both tangible and intangible — upon which to draw:

- Among the tangible assets are savings, investments, insurance, medical plans, cars, homes and a host of appliances
- Among the equally important but less tangible assets are a strong commitment to family and a thriving sense of satisfaction with how the family members are working together and facing up to common problems
- Moreover, people are still having fun and pleasure despite their retrenchment efforts
- Many Americans express the strong belief that some good will come out of the present troubles, and that people will end up being smarter, more resourceful and understanding than before

IV: FAMILY CONCERNS

For the first time in many years, family anxieties over economic issues far outweigh their recent concern with crime, safety in the streets, urban blight and the quality of education. These new worries focus on the reality or fear of unemployment (28%); savings diminishing in value as a result of inflation (35%); debt (16%); the need to draw on savings to meet current expenses (22%) and a general discontent about not being as well off as expected (32%). For families whose standard of living has already deteriorated, these are immediate and urgent concerns. For the majority, these concerns reflect present fears as well as serious apprehensions about the future.

V: LONGER-RANGE IMPLICATIONS

No one can be certain about the longer-range and more enduring implications of the present situation—how American families will live in the future and what will be their aspirations, hopes and outlook. There are, however, indications that families' confidence in their future and in their own ability to cope has been eroded, at least temporarily. At present, families are evenly divided—with one out of two still feeling that it can work out all of its problems on its own, including financial ones, and the remaining half feeling that the economic situation is no longer within their own control but dependent on what happens in the country.

Most at risk for the families is that all-important American goal of a secure and steadily improving financial future. Today, a majority of all families face tomorrow with a sense of insecurity about their future financial status. This sense of insecurity is just beginning to make itself felt in the way families think, plan and live.

VI: COPING WITH INFLATION

The economy of 1974-75 has already caused many families to make adjustments -- some major, some minor — in the way they live. These changes touch many aspects of family life:

Leisure Time

For families seriously hurt by the economic downturn, the first step is to cut back on the "nice things of life"—eating out in restaurants (37%); entertaining friends for dinner (17%); certain hobbies and sports which cost money (21%). Overall, one out of two families reports it now spends most of its free time at home rather than "going out."

Vacations

Families are not necessarily giving up vacations but they now regard them differently. Annual vacations today are considered a luxury by more than half of all families. Among families with a lowered standard of living, almost two out of three look upon a vacation as a "real luxury."

Use of Electricity

Most families are caught in a losing battle with their utility bills. Two out of three indicate they are cutting back on use of electricity, but the same percentage report that, despite their efforts, they are paying more for utilities than they did a year ago.

Food and Eating Patterns

Many of the changes in eating patterns reflect family efforts to hold the line on food costs—again with not much reported success. One out of four families is trying to cut back on its use of prepared and frozen foods; one out of five is not serving meat regularly; a small number of families is eliminating "seconds." A change is also indicated on items such as cookies and candies, with 45% of the families reporting that they are spending less this year on sweets and only 22% spending more.

Shopping Patterns

An integral part of beating inflation is bargain hunting, especially among the 45% of families who report serious money problems. Many consumers now assume that inflation will get worse, not better, and that it is smarter to buy now, especially when items are on sale. Again, this presents a real conflict to families who are trying to cut back, but who are also worried about rising prices and having enough money later on. Use of credit cards makes it especially tempting to buy now.

Health

Unfortunately, preventive health care is one area in which people are also trying to save money. Among the families surveyed, 18% indicated they are already postponing regular medical and dental checkups; among families most impacted by the economy, 28% are putting off checkups.

Another method of coping with inflation may also have health implications; in 16% of the families, someone, usually the male head, is moonlighting or trying to.

Reading Habits

Some families are considering cutting back on magazine and newspaper subscriptions as they try to pare down their expenses. This may mean a public less well-informed and less exposed to badly needed money management help.

Gifts and Charitable Contributions

Gift giving is also a problem these days. Now almost one out of two families gives fewer gifts. In addition, 16% of families are economizing by reducing their charitable contributions.

Making Do

Families are also learning that many objects in their homes are repairable, and that it is possible to do with less. Almost half say that they are wearing what clothes they have, rather than buying new ones, and 34% are repairing things they would normally have thrown out. Among families whose standard of living is worse this year than last, over half are making fewer clothing purchases, and almost half are repairing rather than replacing home appliances and equipment.

Car Repairs

Car maintenance presents a special budget problem to most people. Repair costs are much higher than a year ago and credit is not usually available. Most people meet these higher costs by trimming other expenses. But 10% have put off repairs until it is too late, and end up either with an accident or a permanently disabled car.

Working Wives

Two incomes in the family are more and more common as a way of dealing with the family's finances. Among wives, 41% now work either full or part time, primarily to supplement the family budget. Working, however, presents its own problems: frustration rises as additional income does not produce major financial improvement; working wives lack time for bargain shopping, preparing meals, baking, preserving, canning and getting things fixed; anger and bitterness grow as some men oppose their wives taking jobs. (Sixteen percent of the working women indicate that their husbands resent their working.)

VII: MONEY MANAGEMENT

Nine out of ten families report they are doing a "pretty good job" of money management. For some, this is clearly the case; others handle their money far less well than they were willing to admit. Good money management is part of prevailing social norms, and this undoubtedly makes it difficult for families who need help to ask for it.

Here is what we found out about current family money practices:

Saving

American families continue to have a deep commitment to the philosophy of saving and they reject overwhelmingly any notion that inflation negates the rationale for saving. They are, however, worried that their savings are losing value as a result of inflation.

Putting their beliefs into action, 56% of U.S. families say they managed to put some money in the bank last year. About half (26%) of these saved on a regular basis, either weekly, semi-monthly or monthly; the rest made deposits "whenever they could."

For some families, however, banking has been a two-way street, for 24% indicate they have had to dig into savings — originally planned as insurance for times of emergency and future security — as a means of meeting current expenses. Of all money "mistakes," this one worries families the most.

"Savers" and "Spenders"

There are two kinds of families—those who classify themselves as "Savers" and those who describe themselves as "Spenders." Except for low income families, the division between "Savers" and "Spenders" is primarily one of family composition and value systems. The Spenders are more likely to have children and to be less bound by traditional Protestant Ethic values (duty, hard work, sacrifice) than the Savers. The Spenders are also less likely to operate with family budgets or to save systematically.

Budgets

One out of two families says it has some kind of a budget, but only 12% actually draw up any kind of formal or structured budget. Even informal budgeting appears to help in controlling family spending on nonessentials, though. Budgeting makes very little difference, however, when it comes to the basics of family spending — utilities, gasoline, most food items.

And there is a real question as to how many families will continue to struggle with a budget in the current economy. At present, one out of two of the budgeters feels that inflation is making it impossible to keep within its planned purchasing limits.

Investments

In addition to savings, some families, particularly the more affluent, also have other financial resources on which to fall back. One out of five has stocks; 29% have government bonds. Others own real estate and valuable jewelry. In many cases, however, some of these investments are not providing families with the desired sense of security. For example, one out of every two owners of stocks and mutual funds indicates considerable anxiety about its holdings.

Medical Insurance

In spite of their many concerns and anxieties, American families have "guarantees" unknown to previous generations, including medical insurance. Our survey found that eight out of ten families have health insurance. This medical insurance paid for a major portion of expenses incurred as a result of serious family illness and accidents in the last year, relieving many families of one more possible anxiety and drain on their incomes.

Credit

Two thirds of American families use credit to pay for many day-to-day expenses, including gasoline, household goods, clothing, drugs, and in 7% of families, even food. Still, charge accounts, credit cards and deferred payment plans are considered a mixed blessing. On the one hand, families regard them as a convenience, which frees them from having to carry large amounts of money. On the other hand, 42% of adult family members also recognize that credit cards often tempt them to buy things they can't afford.

Another potential problem is interest charges of credit purchases. But most families ignore finance charges or simply are not aware of them. One in four, however, says it is trying to cut back on credit cards and plans because of high interest charges.

Debt

Most American families place great stock in being free of debt. Personal values and social norms make the acknowledgement of debt difficult. Yet debt is an unwelcome reality to families who are already feeling the money squeeze. Among those families whose standard of living has fallen, 27% admit they are often late in paying bills, and 36% owe more money now than a year ago.

Debts, how to handle them, how to avoid them, when to borrow, from where to borrow—are all unhappily very real questions on the minds of these American families today.

VIII: MONEY AND FAMILY RELATIONSHIPS

One of the significant and stabilizing influences operating in American society today is an abiding belief in the importance of family (92%) and in confidence that one's own family is doing well (83%). Indeed, one of the most significant findings of this study is the extent to which there is a consensus among family members of values, outlook and even the condition of the family's finances.

Yet, for all of this, money difficulties and pressures remain a major source of stress. No other subject causes as many family arguments as money. Families quarrel frequently about overspending, poor money management and their inability to keep better track of where the money goes. Over half of the families interviewed (54%) can be classified as "argue-a-lot-about-money" households. Moreover, in families where money problems are most pressing the percentage of arguing families increases to 64%.

Declining income, difficulty in meeting inflation, disappointment about the family's present status are, of course, inherent parts of the money arguments, but there are other factors as well:

Communicating About Money

In one out of every two families which argue about money, the adults interviewed acknowledged their inability to communicate frankly and freely with other family members about family finance. A third say they talk too much about money, while the others feel it is inadequately discussed in their families.

In addition, there is the all-important question of how to tell your children about money. Most of parents (73%) reject the idea that children should be spared money worries but there is considerable disagreement as to how much children should be told. For example, one out of two of the teen-agers living in households where parents feel their standard of living is worse today than a year ago is not aware of this decline. The right balance is undoubtedly a difficult one for parents to reach, but our survey found that there is less argument about money in families who are candid with their children than among those who are not.

Decision Making

There is considerably less argument—both about money and in general—in families where both husbands and wives share in making financial decisions. Conversely, there is more argument in households where just one family member, usually the husband, is the prime decision maker. At present, though, only a minority of husbands and wives (41%) share equally in money decisions.

In this connection, it is interesting to note that money pressures may set back women's pressure for equal status at home. Among all families surveyed, 39% believe strongly that it is up to the man to be the main provider and decision maker. Among money-pressed families, however, support for this view increases to 46%.

IX: LOOKING AHEAD

What about the future? Pressured by daily money problems and concerned about the country, many families see only a bleak time ahead. Yet, as we have noted before, there is an underlying strength to the American family that points to a more optimistic outlook. Many families feel that they will come through the present difficulties smarter and better off than they were before.

They feel that economic hardship may make them less wasteful (59%), better shoppers and managers (70%), satisfied with less (42%), more sympathetic to the poor (45%) and bring them back to basic values (33%). Of considerable importance, most (82%) have not given up their hopes and dreams. The spirit is there—but families are going to also need help and guidance in the period ahead.

X: HELP NEEDED

The findings of this study suggest many of the different ways in which the American family needs help. They include:

- **Budgets**: help in setting up and sticking to realistic budgets
- **Savings**: when to draw on savings—and when not
- **Credit**: use of credit and the impact of carrying charges
- **Repairs**: how to repair products and how to stretch the life of clothing, furniture, household goods and automobiles
- **Entertainment**: finding fun things for the family to do that do not cost money; cost-free sports and hobbies; vacationing at home—or low cost vacations away from home
- **Communication**: how to talk about money with the family and children, sharing and allocating financial decision making
- **Debts**: how to meet—and avoid—debts
- **Health**: the "cost" of putting off medical and dental checkups
- **Education**: free and low cost educational opportunities for family members; libraries and what they have to offer
- **Housework**: time-savers for working wives; budgeting and assigning family chores and responsibilities
- **Counseling**: when family counseling is needed and how to get it; handling the "side effects of unemployment" on the family and family relationships; obtaining help, information and ideas

Of course, information, counseling and services are not substitutes for more jobs, a curb on inflation or insurance against depression. But they can make a substantial difference as the American family attempts to deal with its money and money problems.

THE DETAILS

I: THE BALANCE SHEET: AMERICAN FAMILIES, INFLATION AND RECESSION

The midwinter of 1974-75 represented a crossroads for many American families. Behind them were more than two decades of relative economic stability during which the income of the average American family doubled from its 1950 level of $5,600 per year to $12,000 by 1970. (All figures are in 1970 dollars.) But at the present time there are pressing problems of mounting inflation and recession, the fear of depression, and national uncertainty. At this crossroads, America's mood—the mood of its families—is mixed.

Most Americans express a strong positive feeling about the solidarity and stability of their own families. But they also say they are deeply concerned about their country. Their outlook, problems and hopes reflect this attitude dilemma:

- A sizable majority of American families (62%) indicate they are still managing to cope with inflation and recession by making some adjustments in their day-to-day life-styles.
- A sizable minority, however,—more than one out of three (37%)--are already feeling real economic stress. They report that their standard of living is lower than a year ago and their previous way of life is in jeopardy.
- Even among those who are still managing to cope, though, there is a prevailing sense of insecurity about the future. First, many fear a depression, and almost half the people interviewed believe that their family's own future is tied closely with that of the nation's future. This sense of interdependence appears to be a new feeling for many who formerly believed themselves to be solely in charge of their destinies.
- Many family members, too, are struggling to accommodate themselves to the idea that, at least financially, each year may not necessarily be better than the preceding one. This notion comes hard following the continued affluence and rising living standards of the 1950's and the 1960's, a period which gave substance to the American dream of ever-increasing material well-being.

THE BALANCE SHEET
(Chart 1)

83% of families doing very/fairly well personally.	**17%** of families doing badly personally.
73% don't owe more money than a year ago.	**27%** do owe more money than a year ago.
71% optimistic about achieving own goals next year.	**28%** not optimistic about achieving own goals next year.
62% have better/same standard of living as a year ago.	**37%** have worse standard of living than a year ago.
46% feel that families can work out own problems.	**45%** believe solving their own problems depends on what happens to the country.
46% don't argue about money.	**54%** argue about money.
45% have begun to accept the idea that each year may not be better financially.	**53%** believe that they have *the right* to a better standard of living each year.
44% feel secure about own long-range economic future.	**56%** feel insecure about own long-range economic future.
34% say inflation is not having an impact on their family.	**65%** say inflation is having a very/fairly serious impact on their family.
28% say country is not heading for a depression.	**52%** say country is heading for a depression.

Now for some details from the balance sheet:

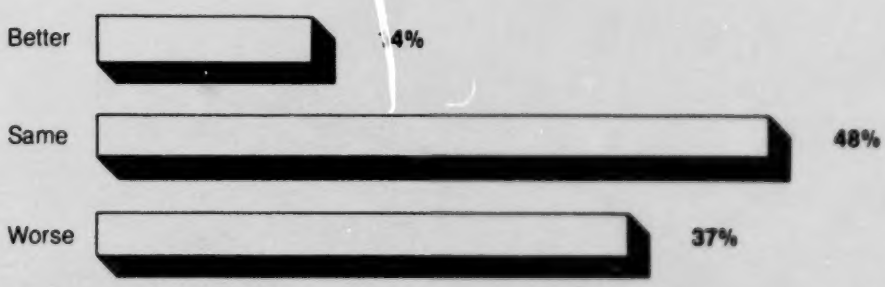
Standard of Living

Asked about their own standard of living compared to a year ago, 14% of family members reported "better"; 48% "the same"; 37% "worse" and 1% "not sure." While the weakened economy has particularly hurt less well educated and less affluent families, its effect has not been limited solely to these groups. Among those reporting lowered standards of living are both young and older families. Twenty-seven percent of families with adults under 35 years old and 28% of families with members over 55 years of age report lowered living standards.

One out of every two families with incomes of under $10,000, and 21% of families with incomes of $15,000 or more also say they have suffered a decline. A majority of income-impacted families (59%) have children 18 years of age or younger living at home; the remaining 41% have either no children or grown children.

What is happening is that the money squeeze is being felt most strongly by those families who are ordinarily most pressured by financial problems, but the money crunch has also begun to be felt among families who just a year or two ago were "making it." In analyzing the results of this study, we have paid particular attention to the reactions, problems and methods of handling the situation reported by the 37% who said that their standard of living is worse than a year ago.

STANDARD OF LIVING COMPARED TO A YEAR AGO
(Chart 2)



NOTE: 1% not sure.

WHO IS NOT MAKING OUT
(Chart 3)

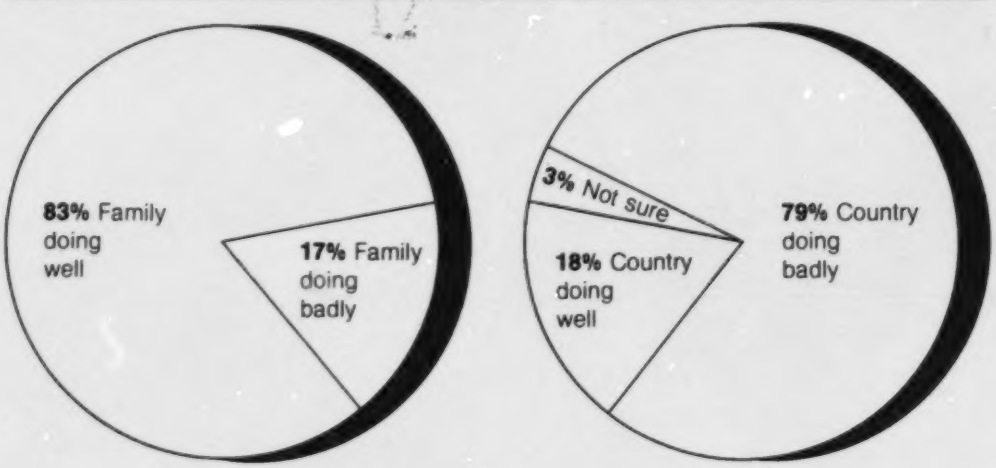
	Total	Standard of Living Worse Than a Year Ago
Total	**100%**	**37%**
Age		
18-24 years old	9	7
25-34 years old	24	20
35-44 years old	23	26
45-54 years old	18	20
55-64 years old	15	16
65 and over	11	12
Education		
Less than high school graduate	28	**38**
High school graduate	40	37
Some college	19	19
College graduate	8	4
Postgraduate	5	2
Occupation of Household Head*		
White collar/professional	47	37
Blue collar	53	**63**
Wife Employed Full/Part Time	41	38
Income**		
Under $10,000	41	**50**
$10,000-14,999	29	29
$15,000-19,999	16	14
$20,000 and over	14	7
Type of Area		
Central city	32	31
Suburb	27	28
Small town	15	12
Rural	27	30
Geography		
Northeast	25	25
Midwest	26	22
South	32	**37**
West	17	16
Race		
White	88	87
Nonwhite	12	13
Family Status		
Have children 18 years of age or younger	57	59
Have no children 18 years of age or younger	43	41

*Based on employed heads of households.
**Based on people who answered.

The State of the Family Versus the State of the Country

Despite national economic and financial stress, the large majority of men and women report that their *own* families are still doing well. A remarkable 83% report that their families are in good shape, but an equal number (79%) feel that things are going badly in the country. Undoubtedly this sense of family well-being is an important ballast in these times of uncertainty, and fortunately, this sense of family prevails among diverse income and age groups, and is shared by other family members as well.

FAMILY STATUS VERSUS STATE OF THE COUNTRY
(Chart 4)



IS THE COUNTRY HEADING TOWARDS A DEPRESSION?
(Chart 5)

	%
Yes	52
No	28
Not sure	20

Concerns About the Country

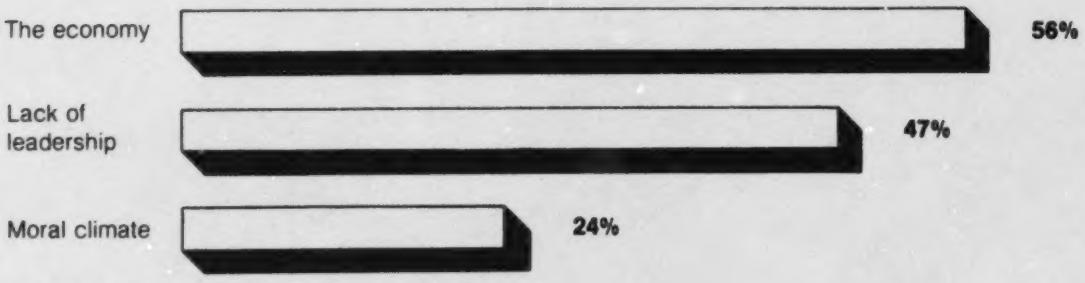
A large part of the family member's concerns for the country focus directly on the economy:

First, there are the effects of inflation itself, with two out of three (65%) reporting that inflation is already having a very serious or fairly serious impact on their own families.

Then, there is the fear of depression, with over half of the people interviewed (52%) believing that the country is heading for a depression, and only a small minority (28%) believing it is not (20% are not sure). The inevitability of depression particularly disturbs those families whose standard of living has already been set back (63%).

Along with concern over the economy, many people are troubled by what they see as a lack of national leadership. Indeed, almost as many family members see this leadership gap as the prime problem (47%) as mention the economy (56%).

MAJOR CONCERNS ABOUT THE COUNTRY*
(Chart 6)



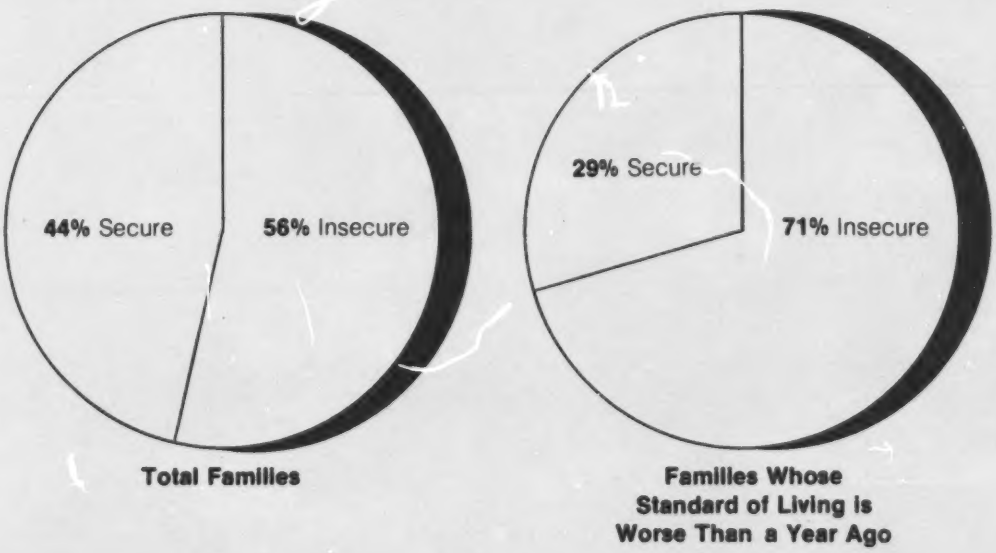
*Asked of those who are fairly/very pessimistic about the country.

Interdependence and Insecurity

The net result of family anxiety about the economy and the country is a pervasive sense of personal insecurity and lack of personal control over the future of one's own family. This is a difficult and troublesome prospect for people raised with a strong belief in self-reliance and possessing a basic optimism. Today, a majority (56%) feel insecure about their own financial future. A similar sense of insecurity is found among family members from all walks of life, but it is particularly strong among women, parents of large families and families earning $15,000 or less a year.

Perhaps even more upsetting for some families is the gnawing feeling of no longer being self-sufficient, of finding one's own financial well-being and future inextricably linked to what happens to the country. Asked directly, 46% of family members interviewed felt they and their families *can work* out their own problems, even financial ones; but 45% believe that it all depends on what happens to the country. (In the remainder of this report, we will refer to these two groups as the "Self-sufficient" and the "Interdependent.")

HOW FAMILY MEMBERS FEEL ABOUT THEIR ECONOMIC FUTURE
(Chart 7)



HOW FAMILY MEMBERS FEEL ABOUT THEIR FUTURE FINANCIAL SECURITY

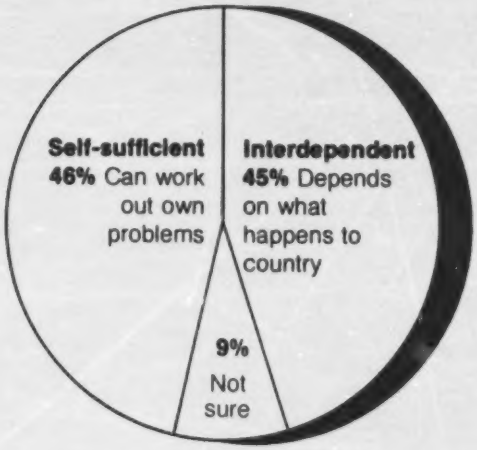
(Chart 8)

	The Insecure	The Secure
	%	%
Sex		
Male	42	48
Female	**58**	52
Age		
Under 35 years old	35	30
35-44 years old	21	25
45-64 years old	33	32
65 and over	11	12
Education		
Less than high school graduate	32	23
High school graduate	42	38
Some college	18	19
College/postgraduate	8	19
Income*		
Under $10,000	42	40
$10,000-14,999	32	26
$15,000-19,999	15	18
$20,000 and over	12	16
Family Status		
Have children 18 years of age or younger	58	55
Have no children 18 years of age or younger	42	45
Race		
White	86	91
Nonwhite	**14**	9
Standard of Living Compared to a Year Ago		
Better	11	16
Same	40	59
Worse	**47**	24

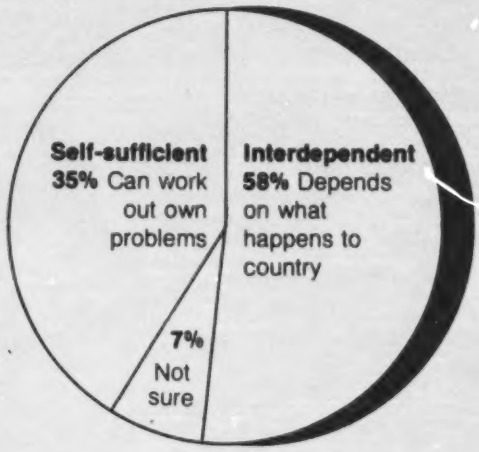
*Income based on those who answered.

ABILITY TO SOLVE OWN PROBLEMS

(Chart 9)



Total Sample



Standard of Living is Worse Than a Year Ago

The Psychology of Entitlement

There is nothing new about the American dream of having family finances improve each year, year after year. Indeed, spectacular advances in family income in the preceding two decades have made the dream seem a reality. Yet something new apparently has happened, for that dream has been converted into a social right for many American families. Today, one out of two (50%) of family members agrees "strongly" or "partially" with the idea that it is up to the government to see to it that everyone has a good job and a good standard of living.

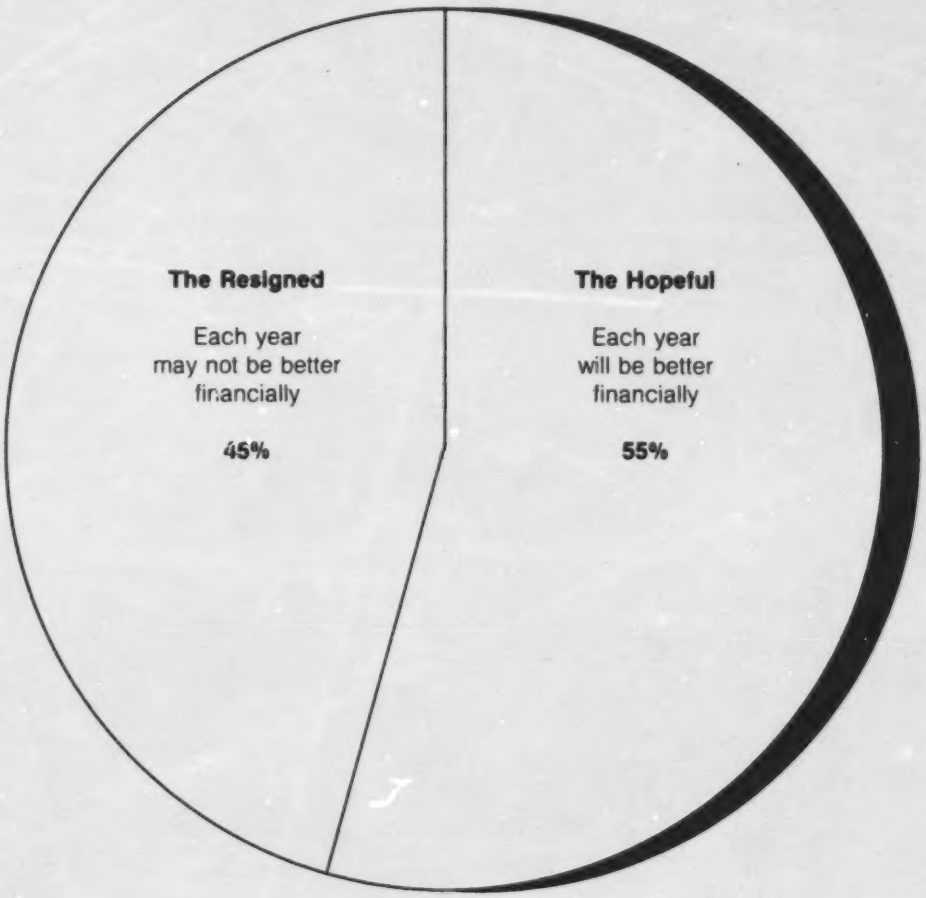
In sum, what was once the responsibility of the individual is now believed by one of two respondents to be a right just like unemployment insurance and social security. This new orientation does not make it easy to adapt to the realities of the present, and the evidence suggests that many American families are psychologically unprepared for a period of scarcity or declining gross national product.

THE GOVERNMENT HAS THE RESPONSIBILITY TO SEE TO IT THAT EVERYONE HAS A GOOD STANDARD OF LIVING
(Chart 10)

	%
Agree strongly/partially	**50**
Disagree	**48**
Not sure	**2**

Somewhat less than half of the family members surveyed (45%) said they now believe that each succeeding year may not be marked by financial improvement; but 55% do not. In the analysis which follows, we will refer to the first group as "the Resigned" and the second as "the Hopeful." As the name suggests, the Resigned are primarily those individuals who have had to face the realities of a declining standard of living, low income, racial barriers and old age. Among the Hopeful, those who cling most fervently to the continued belief in each year being better, are the parents of young children.

BELIEF THAT EACH YEAR MAY BE BETTER
(Chart 11)



NEXT YEAR WILL/WILL NOT BE BETTER FINANCIALLY
(Chart 12)

	The Resigned	The Hopeful
	%	%
Sex		
Male	46	44
Female	54	56
Age		
Under 35 years old	26	**39**
35-44 years old	22	23
45-54 years old	17	19
55-64 years old	**20**	10
65 and over	**14**	9
Income*		
Under $10,000	**46**	35
$10,000-14,999	28	30
$15,000-19,999	11	20
$20,000 and over	14	14
Family Status		
Have children 18 years of age or younger	53	**60**
Have no children 18 years of age or younger	47	40
Race		
White	86	91
Nonwhite	14	9
Family Standard of Living Compared to a Year Ago		
Better	9	17
Same	45	51
Worse	**45**	30
Outlook		
Secure	38	**48**
Insecure	**61**	52
Autonomy		
Self-sufficient	40	**51**
Interdependent	**52**	38

*Income based on those who answered.

Families divide into two groups—those who argue about money (54%) and those who don't (46%). Without trend data, it is impossible to know whether the proportion of "Arguers" has increased in today's economy, but there is some evidence that this is the case.

Arguments about money often cover many topics, although current quarrels focus more narrowly on the need to economize, to stop wasting money, to meet unpaid bills and on the failure to keep track of where the money goes.

Families most likely to argue about money include those who are least well off economically or those whose standard of living is lower today than a year ago. Almost half of the Arguers come from this latter group, compared to only 29% of the Nonarguers. Other characteristics of typical Arguers include:

- Families with children
- Low income men and women
- Households with working wives, particularly those who work just for the money
- Renters rather than homeowners
- Young families where the head of the household is less than 35 years old

Arguments about money are also closely related to the family member's outlook. Money fights are more likely when there is lack of confidence in the family's future financial security or when there is a sense of uncontrollable link between the family's future and that of the total society.

MONEY, A SOURCE OF ARGUMENT IN SOME FAMILIES

(Chart 13)

	The Arguers	Nonarguers
Sex	%	%
Male	41	49
Female	**59**	51
Age		
Under 35 years old	**39**	26
35-44 years old	**27**	18
45-54 years old	18	18
55-64 years old	12	17
65 and over	4	**20**
Income*		
Under $10,000	**45**	37
$10,000-14,999	27	32
$15,000-19,999	16	16
$20,000 and over	14	14
Education		
Less than high school graduate	28	28
High school graduate	42 > 70	37 > 65
Some college	18	19
College graduate/postgraduate	11	**16**
Family Status		
Have children 18 years of age or younger	**66**	46
1 or 2 children	36	27
3 or more children	30	19
Have no children 18 years of age or younger	34	**54**
Race		
White	88	89
Nonwhite	12	11
Working Women	43	38
Working solely for the money	**24**	14
Family Standard of Living		
Better	14	13
Same	41	57
Worse	**45**	29
Future Financial Security		
Secure	38	**50**
Insecure	**62**	50
Outlook		
Resigned	48	42
Hopeful	52	58
Autonomy		
Self-sufficient	40	52
Interdependent	**51**	37

*Income based on those who answered.

ARGUMENT ABOUT MONEY*
(Chart 14)

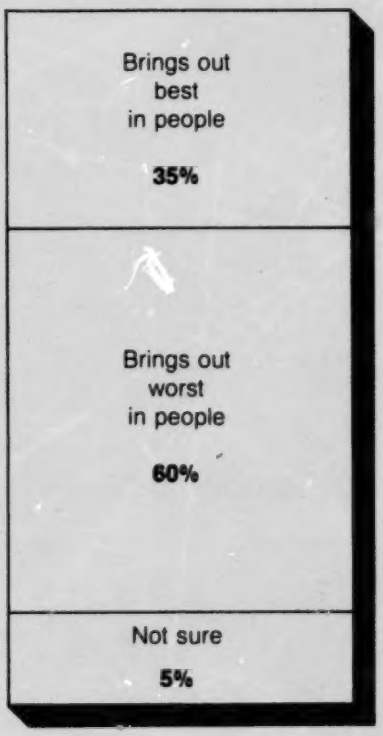
Subject	%
Money in general	59
Need for family to economize	47
Wasting money	42
Unpaid bills	38
Keeping track of where money goes	33
Saving for future	25
Borrowing money	17
Bad investment	10
Lending money	8

*Based on those who say they argue about money.

Fear of Adversity

American families fear adversity, for they have no illusions that adversity brings out the best in people. Indeed, 60% say that bad times bring out the *worst* in people and only 35% believe adversity generates the best. (Five percent are not sure.)

IMPACT OF BAD TIMES
(Chart 15)

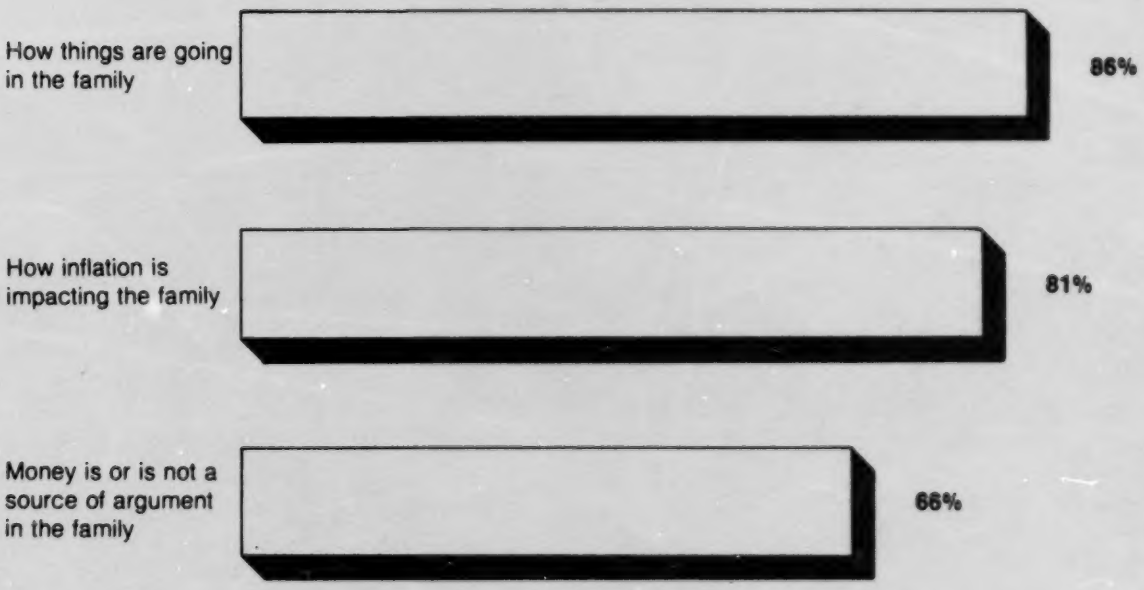


Family Consensus

America's families are in remarkable agreement about the state of their family's finances, but many parents apparently do try to spare their teen-age children from financial worries. While 37% of adult members feel the family standard of living is worse than a year ago, only 18% of the teen-agers in these same families share their parents' concerns.

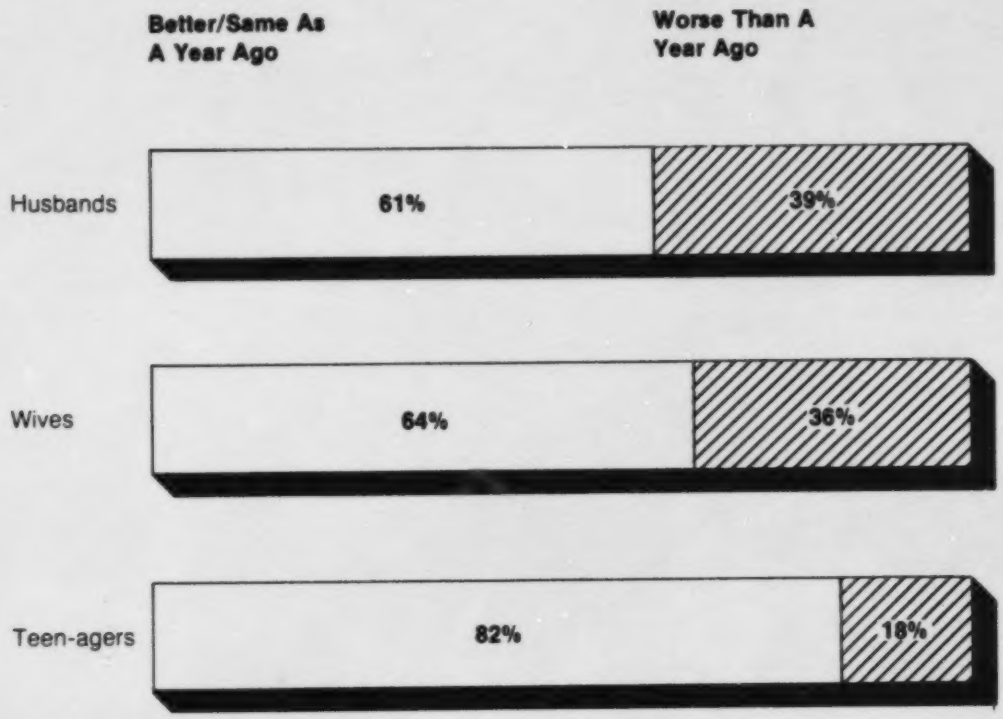
FAMILY CONSENSUS
(Chart 16)

Both Family Members Agree On:


How things are going in the family
86%
How inflation is impacting the family
81%
Money is or is not a source of argument in the family
66%

FAMILY MEMBERS' VIEWS OF STANDARD OF LIVING COMPARED TO A YEAR AGO

(Chart 17)



American families face two kinds of money problems —immediate and long-term.

Immediate problems go beyond complaints about higher prices, and are felt most acutely by families already hit by a low or lowered standard of living. Typical short-run concerns include:

- Loss of job
- Falling behind financially
- Not being able to make ends meet
- Digging into savings for current expenses
- Getting too far into debt

Longer-range problems obviously are less pressing, but they are just as real. Stemming from a value system which places a high priority on financial security and the absence of debt, and playing on personal fears about not being able to achieve longed-for and planned aspirations, these concerns center on:

- Financial security
- Financial independence
- Savings for emergencies
- Secure retirement
- Ability to travel
- Educating one's children

The full nature of the money problem comes into focus when family members describe their major personal hopes and fears for the future and the barriers to achieving these goals.

Money problems dominate the worries of most adult family members, outweighing even such serious problems as fear of crime, deteriorating neighborhoods and personal difficulties in the family. Generally, the financial problem mentioned most often is an uneasiness that savings will lose their value under the impact of inflation. But for those families already suffering a lowered standard of living, there are other even more immediate problems, including an inability to make ends meet and a fear of losing one's job. For one out of two families in this group, there is the additional frustration of not being as well off at this time as it had expected it would be. The economy has gotten in the way.

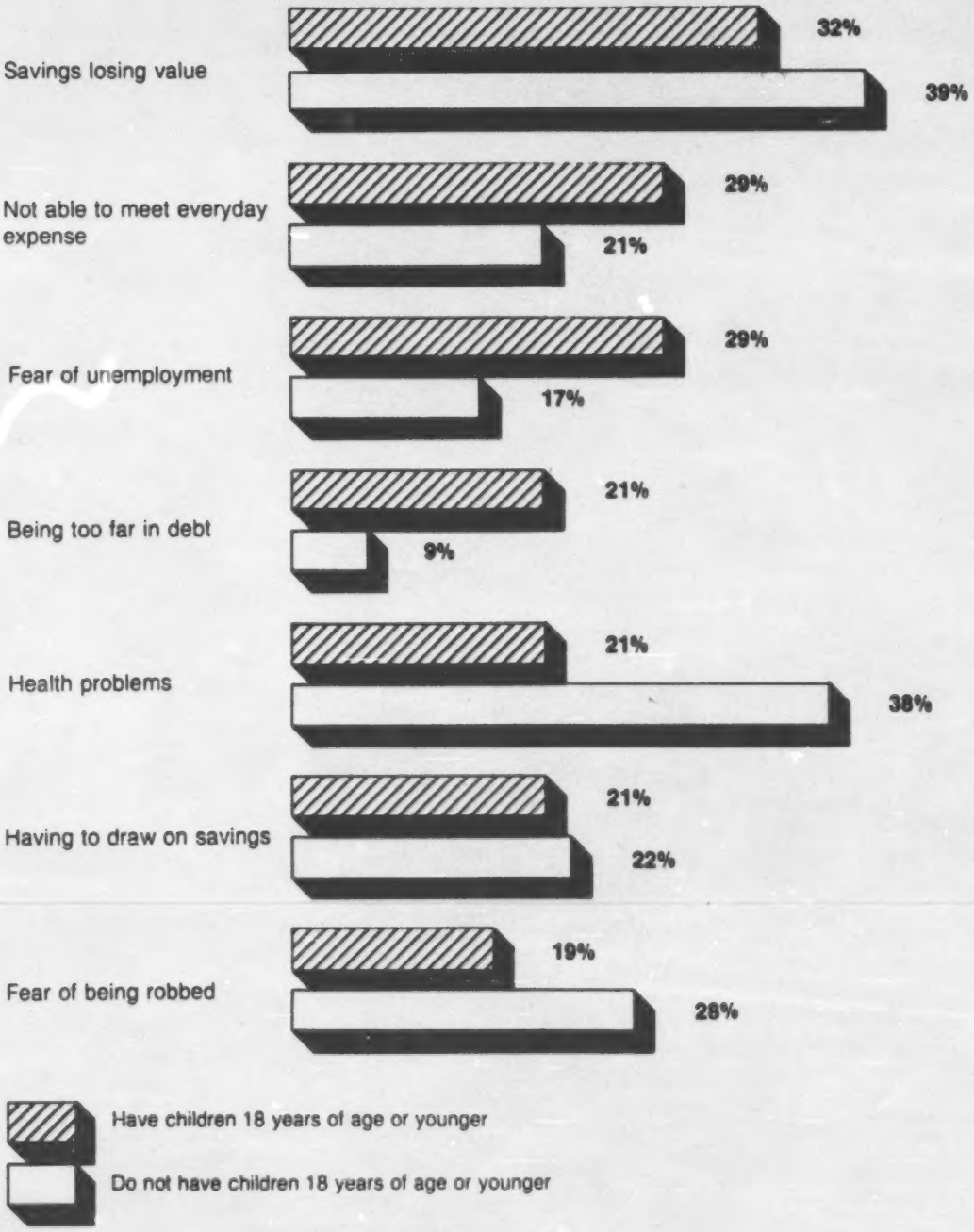
Money problems become particularly acute when there are children in the home, for it is these families who are particularly worried about their present financial status. By contrast, families without children are more concerned about the diminished value of their savings and the fear of ill health.

MAIN PROBLEMS FAMILIES ARE FACING

(Chart 18)

		Standard of Living Compared to a Year Ago		
	Total	Better	Same	Worse
	%	%	%	%
Investments/savings losing value due to inflation	35	26	34	**40**
Not as well off financially now as expected	32	15	23	**51**
Health problems	28	25	29	29
Fear of unemployment	28	21	17	**43**
Can't make ends meet	26	19	14	**44**
Fear of being robbed/mugged	23	22	21	27
Having to draw on savings for current expenses	22	10	17	**32**
Not enough time with family	20	**27**	20	18
Sense of personal stress/anxiety	17	16	14	22
Being too far in debt	16	17	9	**26**
Seeing neighborhood deteriorate	11	5	11	13
Not knowing how to manage money wisely	10	13	7	13
Family problems—husband/wife/children	9	10	9	8
Difficulty in getting credit	5	3	4	8

MAIN KINDS OF PROBLEMS
BY FAMILY STATUS
(Chart 19)



The Impact of Financial Worries

Money stress and arguments about money clearly go hand in hand. Families who argue about money are twice as likely as the Nonarguers to be frustrated by their present financial status. Arguers are also more worried about unemployment, their inability to get along financially, their going into debt.

ARGUMENTS ABOUT MONEY AND FINANCIAL CONCERNS
(Chart 20)

Major Concerns	The Arguers	Nonarguers
	%	%
Investments/savings losing value due to inflation	35	35
Not as well off financially now as expected	41	23
Can't make ends meet	37	13
Fear of unemployment	31	16
Having to draw on savings for current expenses	28	14
Being too far in debt	25	6
Knowing how to manage money wisely	15	5
Difficulty in getting credit	8	2

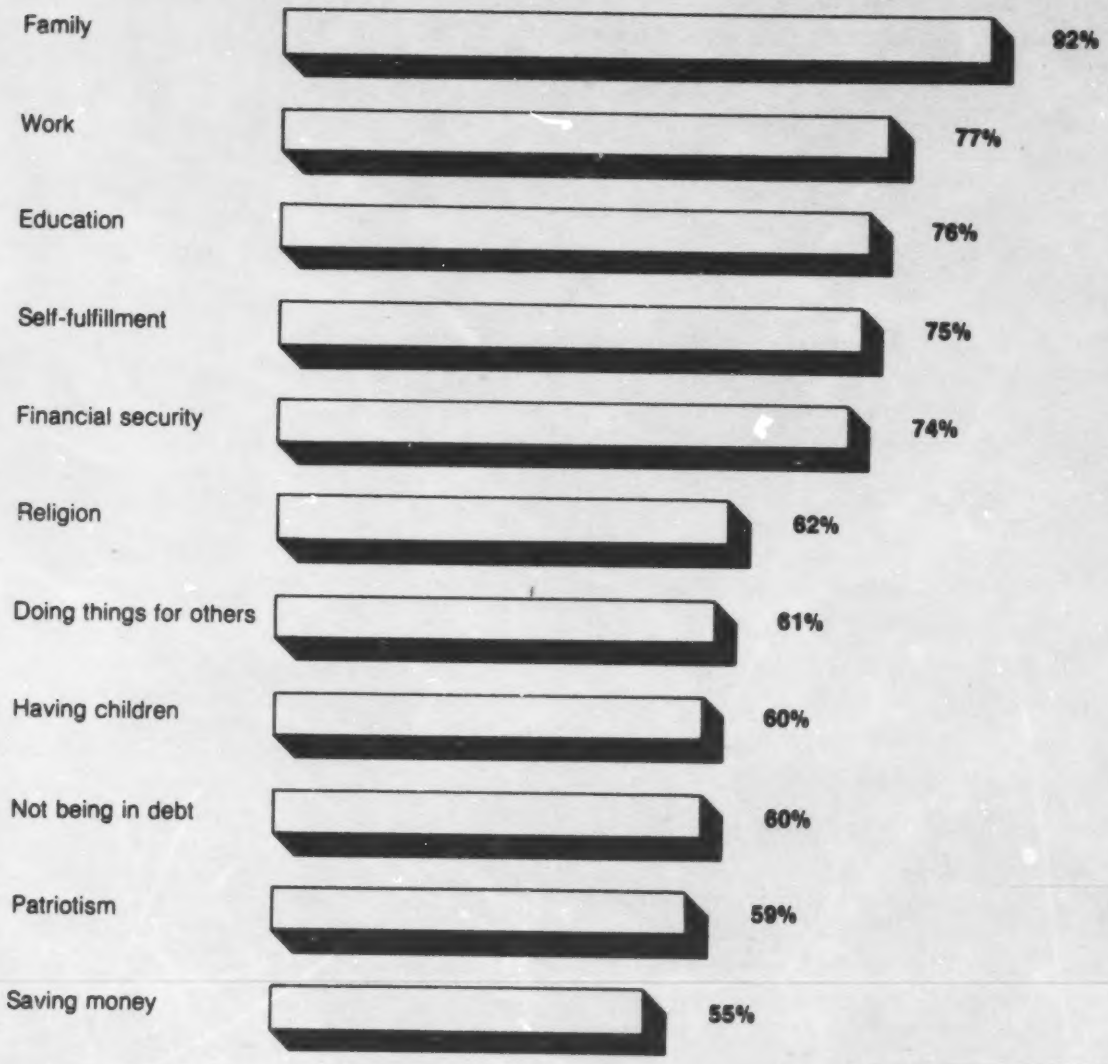
Fear of Unemployment

While some families are more concerned with longer-range economic fears, for others, the nub of the problem is unemployment or the fear of unemployment. While 28% of *all* families say the loss of job is an immediate or potential problem, unemployment is seen as an immediate or potential problem for 43% of families with already lowered living standards.

Values and Goals

The full implications of economically caused distress can be understood only in the context of the American family value structure. For the family, work and financial security have top priority positions in the basic traditional creed by which they live. Financial security—not money—outweighs even such basic values as patriotism and religion. Thus the value system, one of the mainstays of family stability, is also in direct conflict with the realities of the day for some families.

MOST IMPORTANT PERSONAL VALUES
(Chart 21)



Family aspirations are closely tied to cherished family values. High on the list of desired futures are a secure retirement, independence and freedom from debt.

Future aspirations are determined to some extent by present financial status, for security means even more when you have already experienced some financial distress, and when dreams such as travel or a college education for the children grow increasingly out of reach.

ASPIRATIONS
(Chart 22)

		Standard of Living Compared to a Year Ago		
	Total	**Better**	**Same**	**Worse**
	%	**%**	**%**	**%**
Having a secure retirement	55	52	54	**59**
Not having to depend on others	53	52	46	**62**
Raising children to be moral people	50	59	48	49
Being able to help others	47	48	43	53
Being completely out of debt	45	51	37	**55**
College education for children	45	53	43	46
Being able to travel	45	**61**	46	**37**
Being respected/admired by others	38	45	33	42
Getting ahead each year	36	39	29	45
Doing work really want to do	34	44	29	36
Living in good neighborhood	30	36	24	36
Chance to express talents/abilities	23	**38**	18	23
Continue own education	19	30	16	19

Main Barriers

Regardless of age, income, race, standard of living or outlook, American family members uniformly agree that the two major barriers to their future goals are continued inflation and the likelihood of an economic depression. Parents, higher income families and working wives are particularly worried about the effects of continued inflation. Lower income families worry as much about depression as they do about continued inflation.

MAIN BARRIERS TO FUTURE GOALS
(Chart 23)

		Standard of Living Compared to a Year Ago		
	Total	**Better**	**Same**	**Worse**
	%	%	%	%
Continued inflation	57	57	54	61
Likelihood of depression	46	42	43	52
My age	15	6	16	18
Educational background	15	16	12	19
Lack of training	12	13	8	17
Desire to live well now	9	10	8	11
Line of work we're in	9	12	8	9
Frequent bad luck	5	4	3	8
Size of my family	5	4	3	8

INFLATION AND THE LIKELIHOOD OF DEPRESSION AS BARRIERS TO FUTURE GOALS
(Chart 24)

	Continued Inflation a Major Barrier	Likelihood of Depression a Major Barrier
	%	%
Total	57	46
Sex		
Male	52	46
Female	60	47
Income		
Under $10,000	**48**	45
$10,000 - 14,999	**60**	46
$15,000 - 19,999	66	50
$20,000 and over	65	44
Senior citizen	39	**34**
Working women	**64**	48
Nonwhite	47	41
Secure	49	36
Insecure	**63**	**54**
Arguers	62	53
Nonarguers	51	39
Self-sufficient	50	39
Interdependent	67	**58**
Have children	60	47
Don't have children	53	45

Money, A Nagging Problem

Family members are in considerable accord on the extent to which money is discussed in their households. For some families, however, money is a divisive presence and they have difficulty knowing how to handle it and talk about it with other family members.

This is an area in which people clearly need help. For among the Arguers, who comprise more than half of the families, over half (55%) report too much or too little talk about money.

According to family adults, the basic question is not whether money should be discussed with children, but rather how and to what extent. For while the large majority of adult family members—including parents of teen-age children—see no need to spare their children from talking about money, the teen-age children themselves are generally less concerned than their parents about family finances. Still, like their parents teen-agers do worry about unemployment.

MONEY, A NAGGING PROBLEM
(Chart 25)

	Total	Arguers	Nonarguers
	%	%	%
Family Worries a Lot About Money	21	33	8
Current bills	12	17	5
Back debts	3	5	1
Not being able to save money	7	13	2

TALK ABOUT MONEY*
(Chart 26)

	Total	Arguers	Nonarguers
	%	%	%
Too much	23	**32**	14
Too little	18	**23**	12
Right amount	57	44	71
Not sure	2	1	3

*91% of the husbands and wives, and 81% of the teen-agers agree about how money is discussed in their families.

CHILDREN AND MONEY
(Chart 27)

	Try to Spare Children Concern About Money	Don't Try to Spare Children Concern About Money
	%	%
Total Families with Children 18 Years Old or Younger	27	73
Child under 5 years of age	31	69
Child 5 to 11 years of age	28	72
Child 12 to 18 years of age	24	76

TEEN-AGERS' VERSUS PARENTS' MONEY CONCERNS
(Chart 28)

	Parents of Teen-agers	Teen-agers Who Agree
Concerns	%	%
Fear of unemployment	28	20
Not being able to meet day-to-day expenses	29	16
Being in debt	19	6
Not managing money wisely	11	4
Approach		
Finances not discussed in front of children	28	7

III: COPING WITH INFLATION AND RECESSION

American families have found that there is more than one way to deal with inflation and unemployment. A minority of families have made major changes in the way they live and do things. But for most, it has been a trying period of accommodation and adjustment to a new and changing situation.

Many of the patterns of change are still in flux, as families experiment with new approaches to keeping some control over family purse strings.

Some patterns, however, are discernible:

- Three out of four families continue to save money, with the importance of saving still a dominant belief
- Most Americans still take the good things in life for granted, but for those most hard hit by the economy, things like vacations, new cars and eating out are now classified as luxuries
- One out of two families tries to operate within the framework of a budget; of those, about half manage to do a good job of sticking to the budget
- In four out of ten households, husbands and wives share in making family decisions; in the remaining families, the husband is twice as likely as the wife to be the main decision maker
- When families are under financial stress, the role of the husband in the family is more, rather than less, dominant
- A significant part of the "coping process" is wives going to work, not so much out of career interests as out of economic necessity
- True or not, a large majority of families *feel* they are doing a good job of managing their present funds. Half of them, however, classify themselves as "Spenders"; the other half, as "Savers"
- Even when they try to hold the line, families still spend more money than they did a year ago on many food products, gasoline, car upkeep, insurance and utilities. Families have been able to hold the line on entertainment, gifts, going out, hobbies and adult clothing
- Credit cards and charge accounts also help families to manage, but a large number of families (42%) recognizes that credit buying offers an implicit temptation to spend. About one out of four families says it is trying to cut back on the use of credit because of high interest charges

Money Management

Most Americans like to think that they are doing a good job of money management, even those for whom this is not altogether the case. This belief makes the job of providing financial guidance a delicate and sensitive matter. A nearly unanimous 91% of adult family members felt that, compared to most people in their income bracket, they did an average or better job of managing their finances. Among families who reported a lower standard of living this year, 87% felt they did a good job of managing financially.

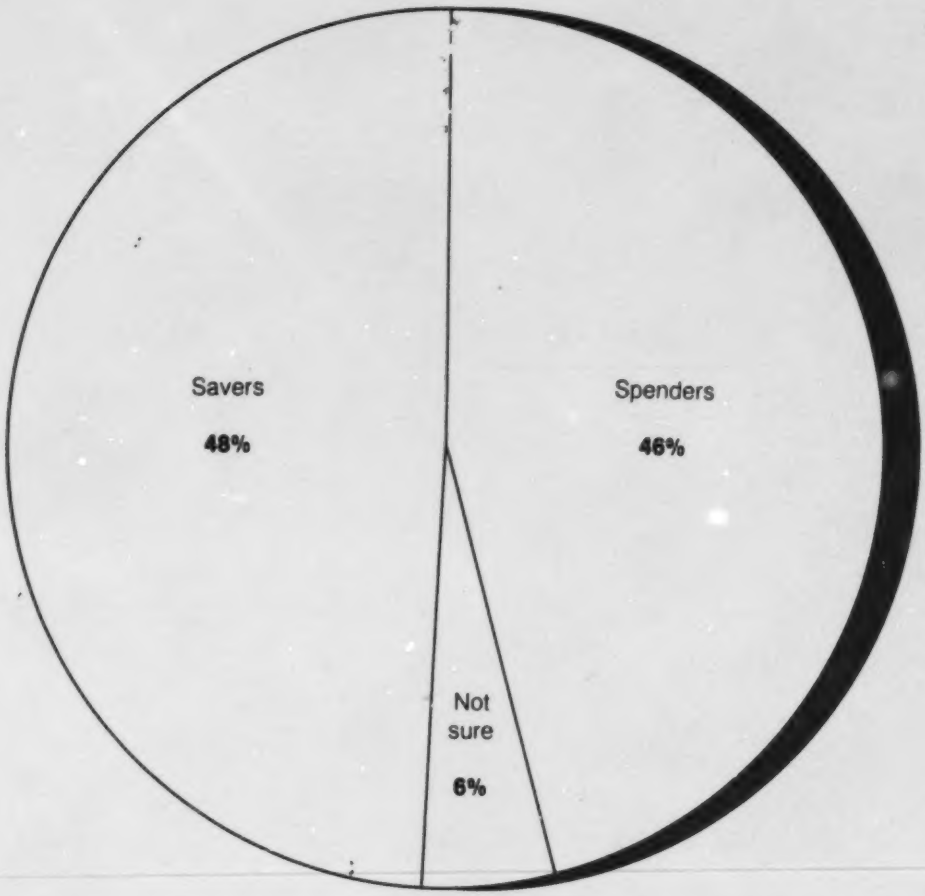
Savers Versus Spenders

While many family members are reluctant to admit being poor money managers, most were considerably freer about describing their own families as either "Spenders" or "Savers." Family members were asked, "In general, would you say that your family leans more towards being spenders or savers?", and almost half (46%) replied "Spenders" and 48%, "Savers." Six percent were not sure.

Age, rather than income, divided the two groups. Among the Spenders, 43% were under 35 years of age—still in the process of acquiring major appliances, homes, cars, linens and other household furnishings. The Savers, by contrast, tended to be older, in a more settled phase of the life cycle. Among the Savers, 37% were at least 55 years old, while only 26% were less than 35 years old.

Community-of-residence also appears to be a factor, with Spenders more likely to live in big cities and Savers in rural areas. And as might have been expected, the Arguers are more likely to be Spenders (64%) than Savers (45%).

SAVERS VERSUS SPENDERS A SELF-DESCRIPTION
(Chart 29)



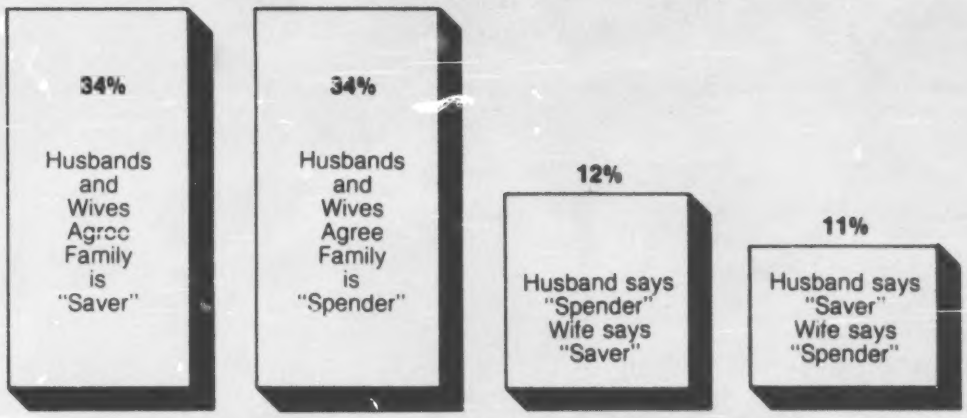
DEMOGRAPHIC DIFFERENCES
SPENDERS VERSUS SAVERS
(Chart 30)

	Spenders %	Savers %
Age		
Under 35 years old	**43**	26
35 - 44 years old	27	19
45 - 54 years old	16	19
55 - 65 years old	9	19
Over 65 years old	5	18
Income		
Under $10,000	41	40
$10,000 - 14,999	30	31
$15,000 - 19,999	16	15
$20,000 and over	13	14
Status		
Children 18 years or less	**65**	50
No children	35	50
Education		
High school or less	68	69
Some college	19	18
College/postgraduate	13	13
Place of Residence		
Central city	**34**	29
Suburb	23	30
Small town	19	10
Rural	24	**31**
Arguers	64	45
Nonarguers	36	55

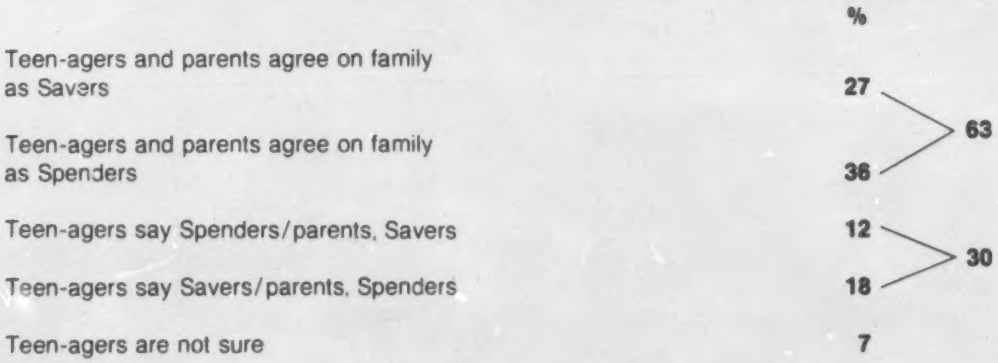
Consensus of Family Classification

In more than two out of three (68%) of the families in which dual interviews were conducted, husbands and wives agreed with their spouse's classification of the family spending-savings pattern. Most teen-agers (63%) too agreed with their parents' description of the family, but 18% discounted the family's classification as Spenders, while 12% disagreed with the description, "Savers."

HUSBANDS' AND WIVES' VIEWS OF HOW FAMILY HANDLES MONEY*
(Chart 31)



TEEN-AGERS' AND PARENTS' VIEWS OF HOW FAMILY HANDLES MONEY
(Chart 32)

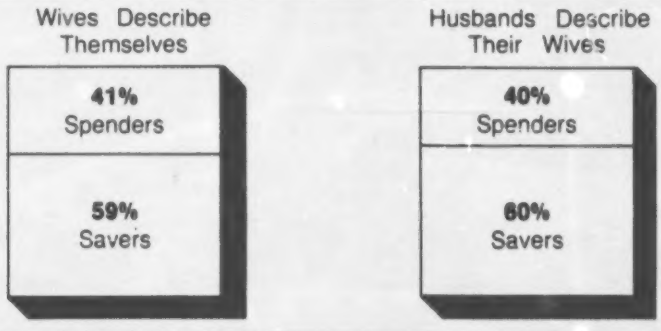


*Not shown are 9% of the families where either or both members could not make this qualification.

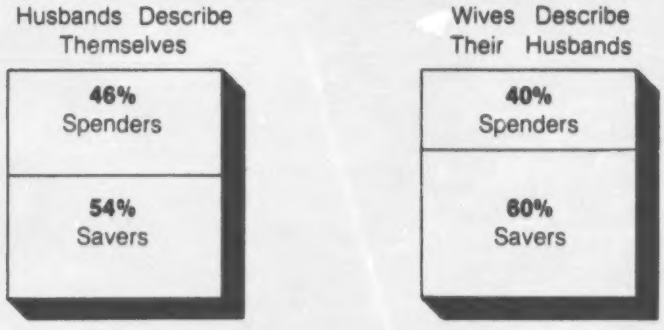
The End of a Stereotype

The results of the study may help put to rest the situation-comedy stereotype of the husband who complains about his wife's excessive spending. Indeed, what we have found is that 60% of husbands describe their wives as Savers, while only 40% consider their wives to be Spenders. One of the most striking findings of the study, then, is how well family members agree about the way the family handles and feels about money, as well as their tendency to be either Savers or Spenders.

SPENDERS AND SAVERS IN THE FAMILY
The Wives
(Chart 33)



SPENDERS AND SAVERS IN THE FAMILY
The Husbands
(Chart 34)

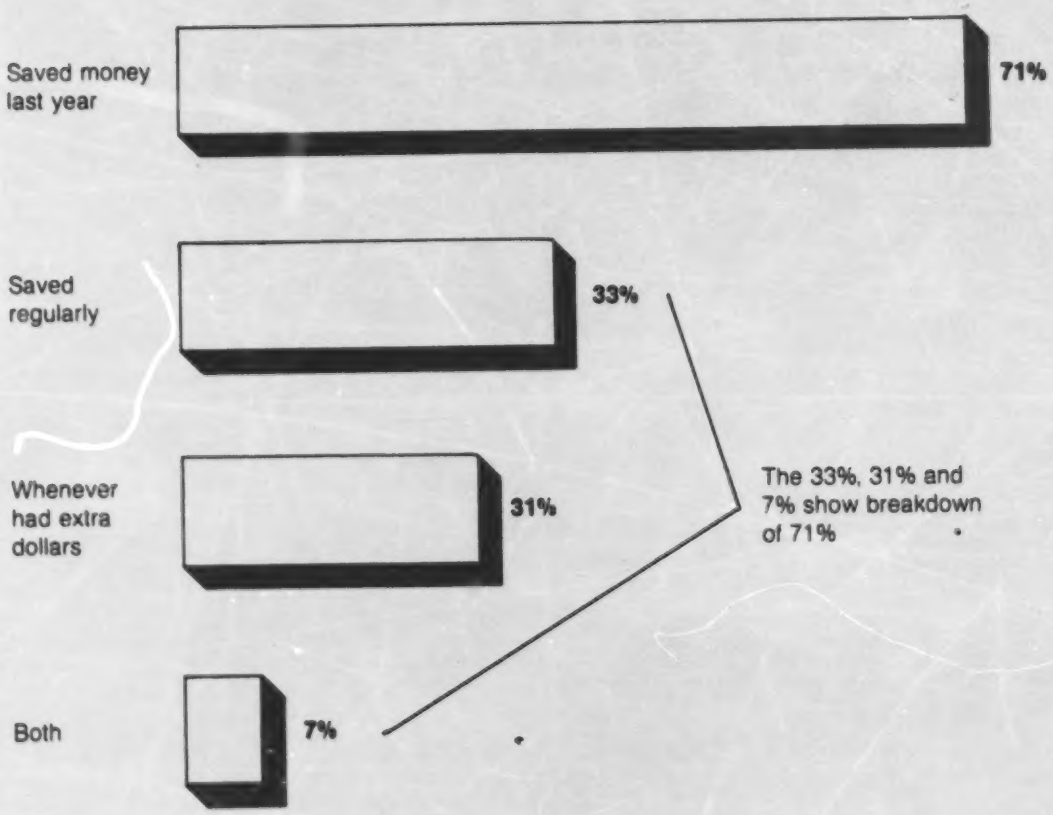


Saving and Thrift

In the midst of a difficult year, with prices continuing to rise, more than one out of every two (56%) American families still managed to put money into savings banks, either by saving regularly (26%), sporadically (25%) or both (5%). Among families with savings accounts to begin with, almost three out of every four (71%) saved money last year. The most consistent regular savers—families who put away money every or every other paycheck—were the households who classified themselves as Savers. Among the Savers, 53% saved regularly compared to 39% of Spenders.

SAVING MONEY
(Chart 35)

Base: All Respondents with Savings Accounts (79% of sample)*



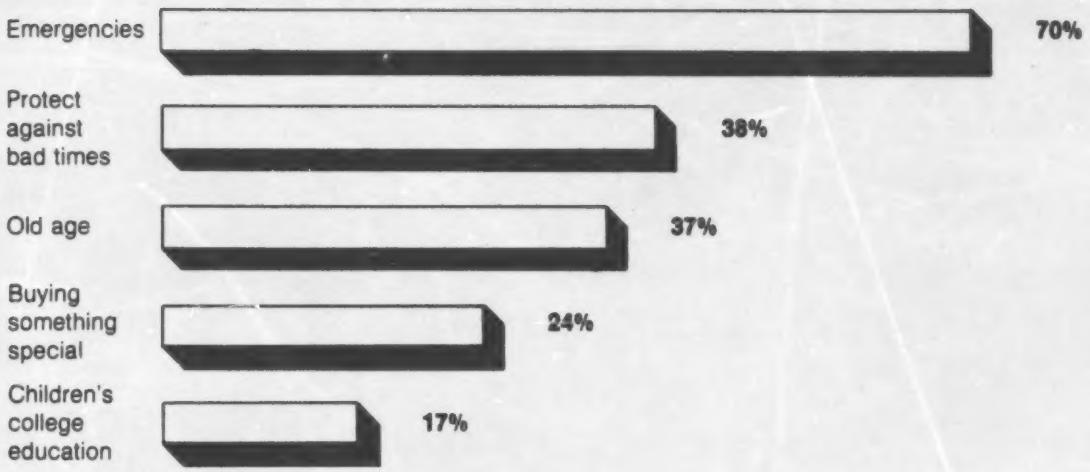
*Includes families with any kind of savings account, ie., family or children's accounts.

Attitudes Toward Savings

Savings are overwhelmingly regarded as a protection against emergencies, hard times and old age. Only one out of four (24%) of those who saved in the past year did so in order to buy something they really wanted.

REASONS FOR SAVING*
(Chart 36)

Base: Have Put Money In Savings Account In Past Year (56%)

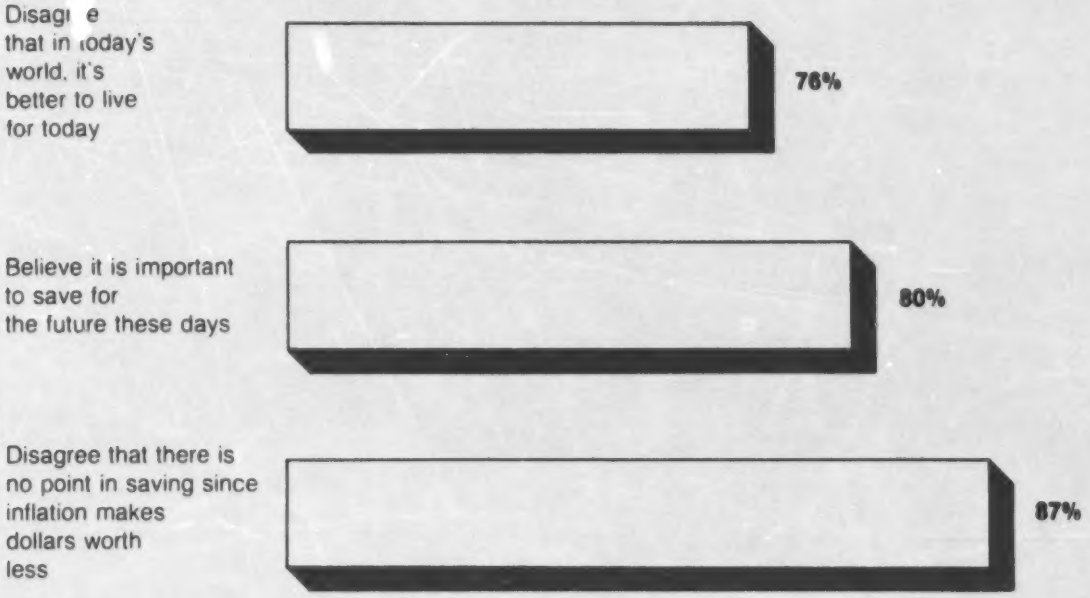


*Adds to more than 100% because of multiple responses.

Inflation has not destroyed the individual's commitment to save. Even though there is considerable concern about savings losing their value as a result of inflation (see pages 50-52), adult family members (87%) strikingly reject the idea that, given current economic conditions, there is no longer any point in saving. Almost an equal number (80%) oppose the notion that "it's not important to save for the future these days."

ATTITUDES TOWARDS SAVING
(Chart 37)

Base: Total Respondents

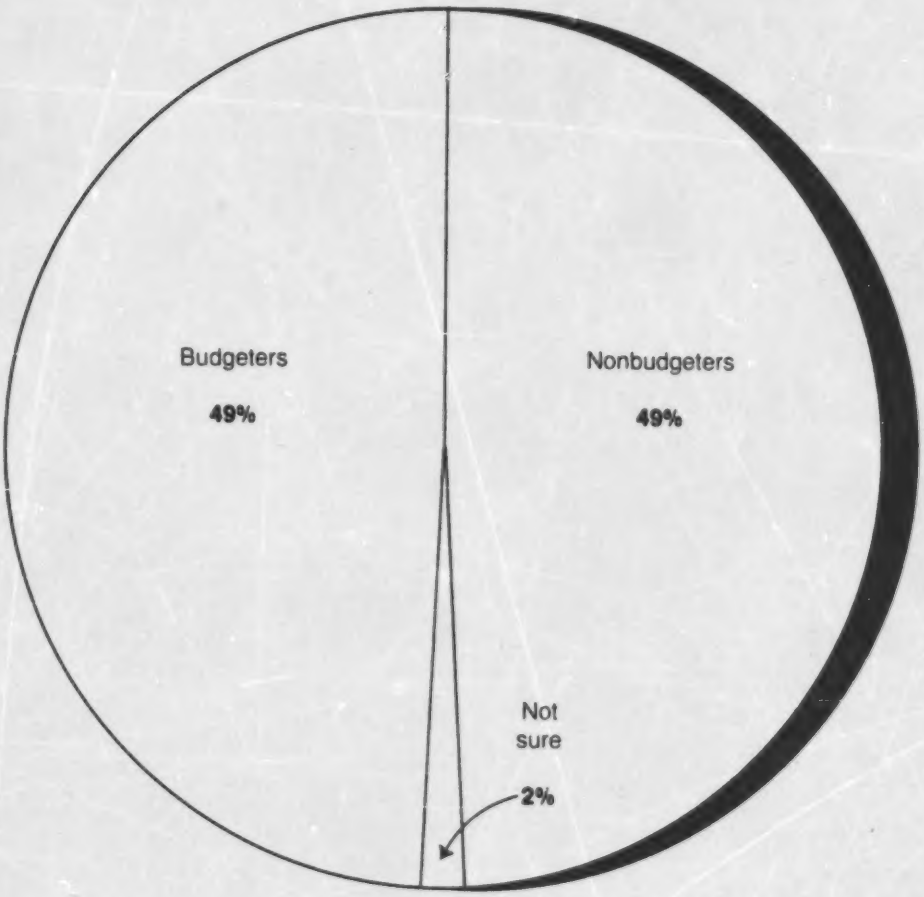

Disagree that in today's world, it's better to live for today
76%
Believe it is important to save for the future these days
80%
Disagree that there is no point in saving since inflation makes dollars worth less
87%

Budgeting

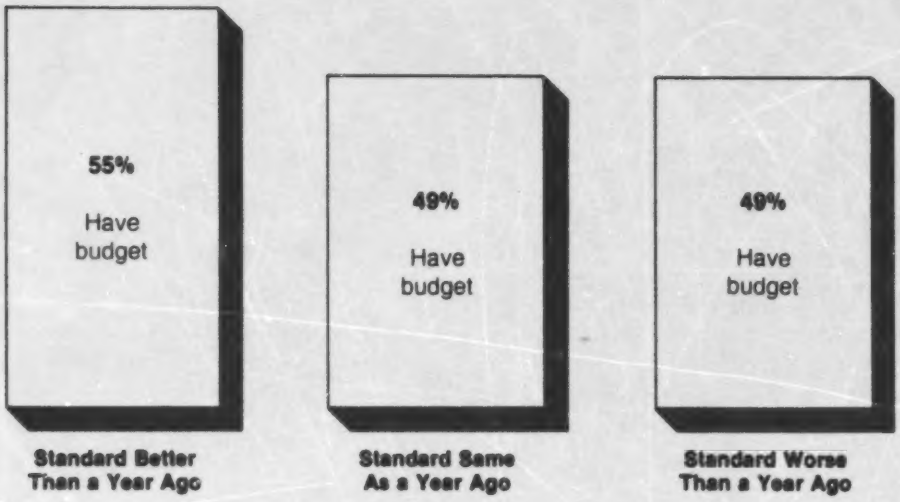
Families are split equally over budgeting: 49% have a budget—either formal (12%) or informal (37%)—while 49% do not have a budget. It is difficult to pinpoint who is likely to budget and who is not. Income apparently is not a major determinant, since budgets are made by both 48% of families earning under $10,000 and by 52% of those with incomes of $20,000 or more. Even tendency towards saving or spending does not distinguish budgeting from nonbudgeting households, while 46% of the Spenders have budgets, so do 52% of the Savers. Families *without* children are somewhat more likely not to have budgets.

One fact, however, does stand out clearly. Whether cause or effect, people who budget and those who don't hold very different views about the benefits of budgeting. Budgeters see their budget helping them get ahead (42%), keep track of their money (53%), keep from overspending (45%) and save (36%). Nonbudgeters, by contrast, say that a budget doesn't work in emergencies (37%) or that they can do as well without it (37%). Some 20% of Nonbudgeters admit they don't have the willpower. Both Budgeters and Nonbudgeters agree, however, that in these times of inflation, it is getting harder and harder to live on a budget (46% of both Budgeters and Nonbudgeters). Without more information and counseling and with a so-far illusive sense of accomplishment, it seems likely that some of the Budgeters may give up their budgets and that few Nonbudgeters are likely to start now.

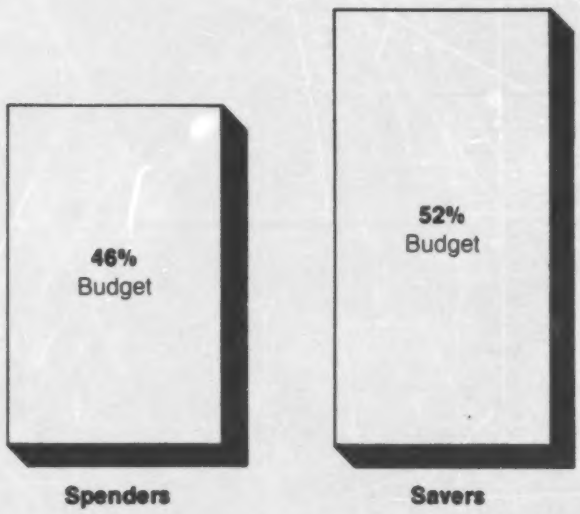
BUDGETING
(Chart 38)



BUDGETING AND STANDARD OF LIVING
(Chart 39)



BUDGETING AMONG SAVERS VERSUS SPENDERS
(Chart 40)



VIEWS OF BUDGETING
(Chart 41)

	Budgeters	Nonbudgeters
	%	%
Only way to keep track of money	53	18
Inflation makes it impossible	46	46
Keeps me from overspending	45	16
Only way to get ahead financially	42	17
Best way to build up savings account	36	15
Doesn't work in emergencies	23	**37**
Can do as well without it	12	**37**
More trouble than it's worth	10	**34**
Not enough willpower	9	**20**
Have so little money, won't help	9	17
Creates too many arguments	5	9
Have enough money, not necessary	3	14
Don't know how to keep	3	10

Male-Female Roles

We have found some evidence that inflation and recession could slow down, at least temporarily, those changes in male-female family roles which were taking place under the impetus of the Women's Movement.

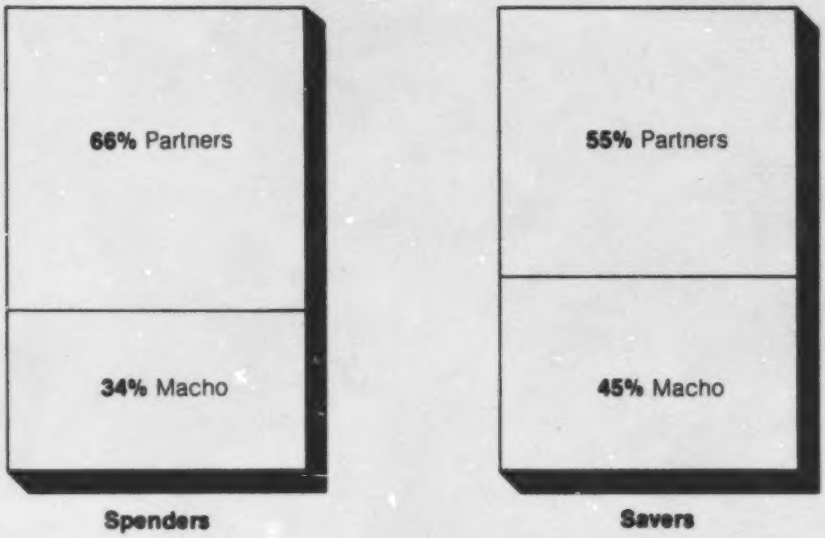
Our data suggest that when incomes decline, the husband's role as provider and decision maker is reinforced.

Among our sample of families, 61% could be classified as households in which husbands and wives have a "Partner" relationship. We labelled the remaining 39% as "Macho." The Macho group believes that it is important for the husband to be the main provider and the main decision maker, and that women should not work unless it is absolutely necessary.

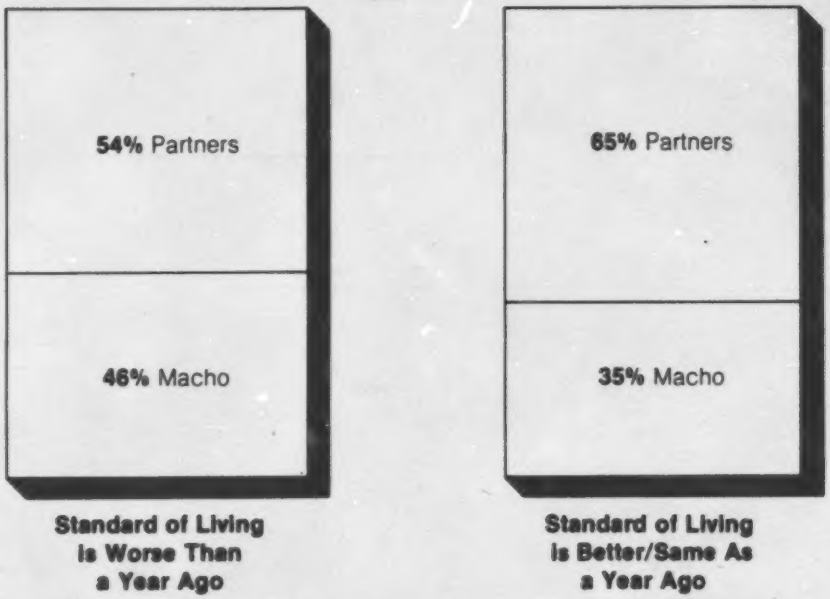
The possible impact of inflation and recession on the Partner relationship can be seen by comparing those households whose standard of living is holding up with those in trouble. In the first group, 65% are Partner households, but the percentage of Partner households falls to 54% among the economically troubled. This could be attributed, in part, of course, to income levels as well.

One corollary to this finding: Savers are more likely to be Macho families (45%) than Spenders (34%), but in general, differences between Macho and Partner families are more attitudinal than behavioral. For example, almost equal percentages of both Macho (51%) and Partner families (48%) budget and both do about the same job in sticking to the budget.

MALE VERSUS FEMALE ROLES: SAVERS VERSUS SPENDERS
(Chart 42)



MALE VERSUS FEMALE ROLES UNDER ECONOMIC STRESS
(Chart 43)


54% Partners
46% Macho
Standard of Living Is Worse Than a Year Ago
65% Partners
35% Macho
Standard of Living Is Better/Same As a Year Ago

Working Wives

If changes in family sex roles are being slowed by inflation and recession, these same changes actually may be speeded along by a countervailing force — working wives. Indeed, one significant way many families are meeting hard times is by having the wife go to work. Wives are working — either full time (26%) or part time (15%) — in four out of ten families surveyed. One third of this total started to work in the last two years as a direct result of the economic downturn, and almost half (19%) of this 41% of working wives are working almost entirely for financial reasons.

The statistical profile of the working wife tells us a lot about what is going on today. About 70% have children 18 years of age or younger; 25% have small children; a third have three or more children. Working wives come from both high and low income families: 33% from households earning under $10,000 a year; 32% from those earning $15,000 a year or more.

In many instances, the lot of the working wife is not an easy one. One out of five (21%) comes from a family in which the husband resents his wife working. Over half (58%) of the employed women themselves believe mothers with small children should not work. And four out of ten (41%) have husbands who claim the right to be the prime family financial decision maker.

WORKING WIVES HELP FAMILIES COPE
(Chart 44)

		Standard of Living		
	Total	**Better**	**Same**	**Worse**
	%	%	%	%
Wife working full time	26	**31**	26	24
	41	**50**	40	38
Wife working part time	15	**19**	14	14
Wife started to work in last two years	12	26	9	11
Wife works for money, not because she wants to	19	23	16	22

Financial Decision Making

When it comes down to day-in, day-out decisions about what the family can or cannot afford, the picture changes slightly from the Macho-Partner division. Men turn out to be the main decision makers in 38% of the Partner households, compared to 49% of Macho families.

In over half the households studied, one person makes the main decisions regarding money, with both men and women saying the family money boss is twice as likely to be the husband as the wife. Teen-agers are less certain of this: 24% claim that the father is the main decision maker; 17% the mother; 45% both, and 14% are not sure.

THE MAIN FINANCIAL DECISION MAKER IN THE FAMILY
(Chart 45)

	Men Say:	Women Say:
	%	%
Husband	39	38
Wife	16	**21**
Both	42	39
Not sure	3	2

TEEN-AGERS' VIEWS ON FINANCIAL DECISION MAKING
(Chart 46)

Main Decision Maker:	%
Mother	**17**
Father	**24**
Both	**45**
Not sure	**14**

Changes in Spending Patterns

Budgeting, saving, wives working — all are *part* of the effort to deal with inflation. But without a doubt, the most universal strategy is for the family to change its buying and spending patterns and to adjust its life-style. In some instances, this means trying to keep down new spending; in others, it means trying to reduce current expenses.

Despite their efforts, though, family members report they are spending substantially *more* money this year on:

- Insurance
- Utilities
- Car repairs and gasoline
- Meat
- Canned and frozen foods

Savings, when made, result from cutting back on purchases of clothing and the "extras" like movies, gifts, hobbies, entertaining friends, cookies and candies. Families hurt the most by the economy economize along the same lines—but far more drastically.

CHANGES IN SPENDING PATTERNS BASED ON STANDARD OF LIVING*
(Chart 47)

	Total	Standard of Living Worse Than a Year Ago
	%	%
Utilities	+56	+52
Telephone	+36	+28
Gasoline	+36	+24
Insurance	+30	+27
Meat	+24	+9
Car upkeep	+23	**+14**
Canned/frozen foods	+18	+1
Children's clothing	+12	+5
Packaged foods	+4	**-9**
Adults' clothing	-5	**-16**
Hobbies	-12	**-22**
Entertaining at home	-17	**-30**
Gifts	-19	**-34**
Dining out	-22	**-38**
Cookies/candies	-23	-29
Movies/theater	-28	-35

*Net difference: spending more minus spending less.

Spending Patterns and Budgeting

The spending patterns of the Budgeters versus the Nonbudgeters demonstrate the benefits of some sort of budget. For while Budgeters are no more successful than other families in keeping down the costs of items such as gasoline, car upkeep or insurance, budgeting families do seem far more able to control their spending when it comes to the niceties, the extras, the little daily luxuries.

CHANGES IN SPENDING PATTERNS*
(Chart 48)

	Budgeters	Nonbudgeters
	%	%
Utilities	+59	+53
Telephone	+34	+39
Gasoline	+33	+38
Insurance	+31	+30
Car upkeep	+22	+25
Meat	+21	+28
Canned/frozen foods	+19	+18
Children's clothing	+13	+13
Packaged foods	+2	+6
Adults' clothing	**-10**	—
Hobbies	**-17**	-5
Entertaining at home	**-21**	-11
Dining out	-25	-18
Gifts	**-26**	-11
Cookies/candies	**-28**	-19
Movies/theater	**-35**	-22

*Net difference: spending more minus spending less.

Adjustments in Life-Style

Major changes which families say they are making in the ways they do things these days include:

- Cutting down on electricity
- Staying home more; not eating in restaurants
- Restricting purchases of clothing and gifts
- Repairing things that once would have been thrown out

When people do make purchases, however, they are trying to beat inflation by bargain hunting. More than four out of ten (44%) are shopping more at discount stores, and 38% search the newspapers for sales and "specials."

In addition, some families indicate they are trying to make other changes as a result of inflation and unemployment:

- Cancelling subscriptions to some newspapers and magazines
- Giving up barbershops and beauty parlors
- Cutting down on liquor
- Using fewer prepared foods
- Giving up hobbies and sports
- Having meatless meals

Regrettably, some (18%) are also postponing medical and dental checkups.

Again, the economically stressed of today show what is likely to happen if the economy deteriorates still further. About one out of two of these families has already cut back on clothing, eating out, gifts and throwing out things that can be repaired. A third or more have cancelled subscriptions, reduced their visits to the hairdresser or barbershop and purchase less prepared and frozen foods. More than one out of four has put off medical checkups, and is doing without meat at some meals, has cut back on charities, entertains friends less often and has cut children's allowances.

ADJUSTMENTS IN LIFE-STYLE AS A RESULT OF INFLATION

(Chart 49)

	Total	Standard of Living Worse Than a Year Ago
	%	%
Minimizing use of electricity	65	72
Spending free time at home instead of going out	54	69
Not buying clothes the way we used to	44	56
Shopping more at discount stores	44	54
Cutting back on gifts	43	54
Bargain hunting	38	45
Not eating out in restaurants	37	48
Repairing things normally thrown out	34	47
Cutting back on beauty parlor/ barbershop	25	37
Using less prepared/frozen foods	24	32
Cutting out magazines/newspapers	21	30
Giving up hobbies/sports which cost money	21	29
Buying less liquor/beer	19	26
Doing without meat at some meals	19	28
Postponing medical/dental checkups	18	28
Looking for tips on money managing	17	19

OTHER ADJUSTMENTS MADE PRIMARILY BY PEOPLE MOST SERIOUSLY IMPACTED BY THE ECONOMY
(Chart 50)

	Standard of Living Same as a Year Ago	Standard of Living Worse Than a Year Ago
	%	%
Entertaining less	12	26
Working overtime/moonlighting	11	21
Cutting back on charities	9	27
Wife taking a job	9	16
Not giving children extra money	8	20
Not having seconds at meals	6	7
Letting insurance lapse	2	5

The Changing Definition of a Luxury

Despite the need to economize, most American families today still take for granted many things once regarded as luxuries: a second car, color television, cigarettes, liquor, weekend trips, going to the movies. Luxuries are now defined as having a new car *every* year, taking an *annual* vacation, *paying* someone to do the housework.

Because American families have such a narrow definition of "luxuries," and because they have such a long list of "taken-for-granteds," many are having a hard time knowing where to cut back. Indeed, even those families struggling most unsuccessfully to make ends meet continue to regard most items as essential and not easy-to-give-up luxuries. Teen-agers, on the whole, share their parents' concepts of what constitutes a necessity rather than a luxury. The young people, however, are less likely to regard a new car each year as a luxury.

THE DEFINITION OF A LUXURY
(Chart 51)

Defined as a Luxury	Total %	Standard of Living Worse Than a Year Ago %
Having a new car	72	75
Paying someone to do housework	59	58
Taking a vacation each year	55	64
Going out to eat in a nice restaurant	45	54
Having a second car	33	37
Going on weekend trips with family	31	36
Going to a hairdresser regularly	29	32
Belonging to clubs	26	32
Having a color television	24	31
Drinking liquor	23	31
Playing golf/tennis	21	29
Smoking cigarettes	20	25
Going to the movies	20	30
Giving money to charity	18	25
Buying a winter coat	15	22
Having meat with meals	14	23
Subscribing to magazines	11	16
Having company for dinner	11	15
Having a baby-sitter	10	15
Taking a Sunday drive	8	13
Having a telephone	7	11

THE DEFINITION OF A LUXURY
(Chart 52)

	Parents	Teen-Agers
	%	%
Having a new car every year	76	59
Taking a vacation each year	65	58
Paying someone to help with housework	62	48
Going to a nice restaurant	45	50
Going on weekend trips	36	30
Going to a barber/hairdresser regularly	35	19
Belonging to clubs	30	21
Drinking liquor	28	19
Having a second car	27	29
Having a color television	26	33
Playing golf/tennis	26	21
Going to the movies	25	27
Smoking cigarettes	21	19
Having meat at most meals	16	25
Buying a new winter coat	16	23
Giving money to charity	14	13
Having a baby-sitter	14	13
Subscribing to magazines	12	13
Having company for dinner	8	12
Having a telephone	7	19
Taking a Sunday drive	6	10

Credit Cards and Charge Accounts

Credit cards and charge accounts are both a prop and a temptation to families in today's economy.

Two out of three families (66%) use credit to pay for many everyday expenses: gasoline, clothing, household goods, gifts. Almost one out of five of these credit-using families buys drugs and medicines on time; and 11% of the owners even pay for food this way.

In a third of these American households, Christmas 1974 was paid for on credit or by charge accounts. One out of five families (18%) used credit to pay for vacations. Of course, many families using credit are well-off. But one out of two families in the lowest income category (under $10,000) also buys on credit as well.

Families use credit cards in different ways: some consider them a convenience; others, as a fallback in case of an emergency; still others, as an informal lending agency when one is short of cash. For four out of ten families, credit cards are a recognized temptation to spend.

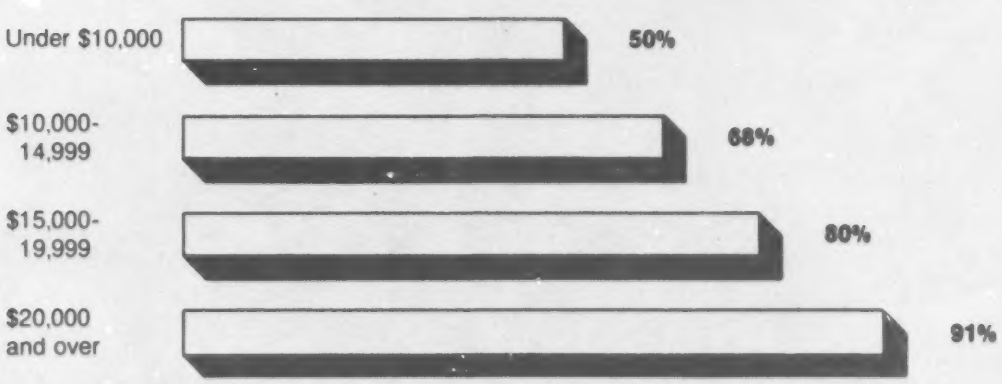
Fear of this temptation and the need for economy, especially among those whose standard of living has been impacted, are causing some retrenchment in credit card use. One out of four (24%) cardholders says he is cutting back on credit cards because of the high interest charges.

THINGS CREDIT CARDS ARE USED FOR*
Base: Use Credit Cards (66%)
(Chart 53)

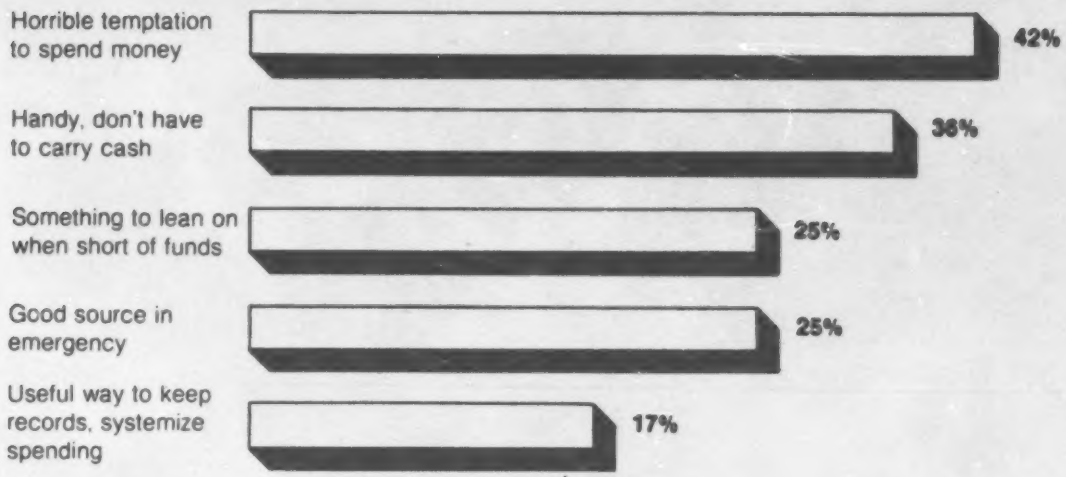
	%
Clothes for adults	57
Gasoline	54
Major appliances	39
Children's clothing	39
Christmas expenses	36
Gifts	29
Household goods	27
Vacations	18
Drugs and medicines	17
Eating out in restaurants for pleasure	12
Food and groceries	11
Toys	8

*Adds to more than 100% because of multiple response.

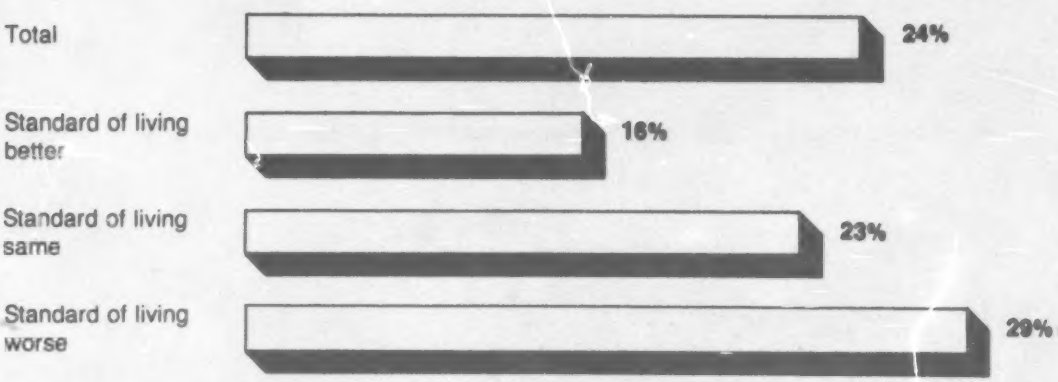
USE OF CREDIT BY INCOME
(Chart 54)



VIEWS OF CREDIT CARDS AND PLANS
(Chart 55)



QUIT USING CREDIT CARDS BECAUSE OF HIGH INTEREST RATES
(Chart 56)



Debt

As a matter of principle, most American families place great stock in being free of debt. For 60%, not being in debt is a very important personal value; 45% mention freedom of debt as a major future goal (see pages 54-56). What makes debt more palatable, however, is the way it is now defined. According to the men and women interviewed in the Pilot Phase of this project, debt means falling behind in payments, not simply owing money, however much or little.

Still, debt by any definition is beginning to be a problem, especially to those who are "hurting." Among families whose standard of living has been lowered, 27% are often late in paying their bills, and 36% owe more money now than a year ago. Among families as a whole, 27% have greater debts than they did a year ago, and 18% are late in paying their bills.

Emergencies and Unexpected Expenses

Almost all families report they have run into some unexpected expense in the last year—sometimes, happy events such as new babies, weddings, moving to a new home—at other times, emergencies such as illness, car repairs or accident, or the breakdown of a major appliance.

The "unexpected" expenses mentioned most often included serious illness (25%), major car repairs (23%), vacations (23%), new car (18%), moving to a new home or apartment (13%).

Less than half of these expenses are met out of income. Insurance takes care of most medical expenses, but other bills are paid for primarily through credit or savings, and in some cases by going into debt.

PERCENT OF FAMILIES WHO FACED EMERGENCIES OR UNEXPECTED EXPENSES LAST YEAR
(Chart 57)

	Faced Last Year
	%
Serious illness	25
Major car repairs	23
Replaced major appliance	23
Vacations	23
New car	18
Moving	13
Wedding expenses	6
Divorce	2

HOW FAMILIES MET EMERGENCIES AND UNEXPECTED EXPENSES*
(Chart 58)

	Income	Credit	Savings	Debt	Insurance	Other
	%	%	%	%	%	%
Serious illness	19	6	14	10	65	9
Major car repairs	50	15	20	8	6	5
Replace major appliance	34	33	20	7	2	5
Moving	53	6	21	15	—	13
Vacations	47	12	40	1	1	4
New car	15	49	24	13	2	3
Wedding expenses	54	3	34	4	—	6
Divorce	11	2	42	21	—	19

*Based on those who faced these expenses in last year.

Financial Mistakes

Despite their pride in money management ability, many families (63%) admitted to making some unwise financial decisions in the past year. Mistakes mentioned most often included: using savings too freely to meet current expenses, buying things they couldn't afford, waiting too long to have cars fixed in order to save money, digging into bank accounts for such luxuries as a vacation or a trip, and overdrawing checking accounts.

FINANCIAL MISTAKES MADE IN LAST YEAR*
(Chart 59)

	Standard of Living Now Compared to a Year Ago	
	Total	Worse
	%	%
Had to draw on savings or investments to meet current bills	38	44
Overdrew on checking account	24	21
Didn't repair the car until too late	16	15
Ran up too big a bill on credit cards or charge accounts	14	15
Used savings for some kind of luxury or trip	13	11
Got behind in mortgage or rent payments	8	11
Made a major purchase you couldn't afford	8	10
Borrowed more than you can afford to pay back	6	11
Borrowed money from a loan company which charged an unusually high interest rate	6	7
Made a bad loan to someone	6	7
Got cheated by a store/company who overcharged	6	8
Made a bad investment	5	4
Got behind in taxes	5	7
Had to borrow on insurance	5	4
Sold stock or other investments you should have kept	3	3
Took out second mortgage on house	2	3

*Based on those making these mistakes.

Family Assets

On the credit side of the ledger, many American families face the future with substantial financial resources, many material goods and cushions of insurance against financial disaster caused by illness or accident:

- 72% have regular adult savings accounts; others have children's accounts
- 82% have health insurance
- 97% have television sets
- 74% are home owners
- 93% have cars; 51% have more than one car
- 21% have stocks; 29%, government bonds

While these resources go hand in hand with income, even lower income families have some of these same resources, although in significantly reduced amounts.

Attitudes towards the future are closely entwined with family assets, for the families which feel most secure about the future are far more likely to have built up a backlog of savings, stocks, bonds and real estate holdings:

- Have a savings account (the Secure, 82%; Insecure, 65%)
- Own stocks (Secure, 27%; Insecure, 17%)
- Have real estate holdings (Secure, 44%; Insecure, 33%)

With regard to tangible assets, there is also a noticeable difference between families who consider themselves Spenders and those who classify themselves as Savers. The latter live up to their name by being more likely to have savings accounts and other financial assets. Moreover, among the Savers, 80% own their own homes, contrasted to 67% of the Spenders.

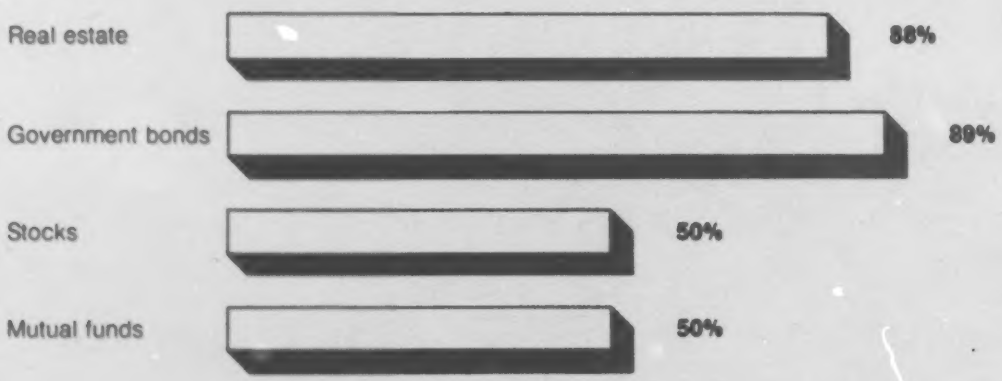
WHAT FAMILIES HAVE TO FALL BACK ON:
OWNERSHIP AND CREDIT
(Chart 60)

		Income			
	Total	Under $10,000	$10,000-14,999	$15,000-19,999	$20,000 And Over
	%	%	%	%	%
Health insurance	82	70	88	91	96
Own home	74	64	76	84	88
Savings accounts (adult)	72	54	79	86	92
Store charge accounts	53	40	54	64	75
Gasoline credit cards	41	24	42	49	74
Other major credit cards	39	18	41	52	76
Other real estate holdings	38	27	36	49	63
Children's savings accounts	34	18	36	53	55
Government bonds	29	19	30	34	47
Stocks	21	9	15	31	50
Special savings (education)	11	3	11	18	21
Second home	5	4	5	5	12

Confidence in Investments

Not all financial assets, however, contribute equally to a sense of financial security, for half of the stock owners feel pretty shaky about their investments these days.

HAVE CONFIDENCE IN INVESTMENTS*
(Chart 61)



*Answers are based on respondents with these kinds of investments.

Commitment to Family

Commitment to family is one of the strong, reinforcing values helping people to face up to current problems. Belief in the family as a personal value is almost universal, and members gain strength from their sense of satisfaction with the way their family is working together these days (78%).

While there is no indication from this study that commitment to family has lessened under the impact of the economy, there are signs, however, that the nature and size of the family may be undergoing change. First, increasing numbers of wives are going to work; second, there are the families in which husbands may lose their jobs and wives continue to work; third, some families have decided for economic reasons to limit the number of children they have. Among families with a child under five years of age, for instance, 17% say they no longer want as large a family as they had originally planned.

SATISFACTION WITH LIFE
(Chart 62)

	Total
	%
Way I handle problems in my life	78
Way family works together	78
Amount of time spent with family	72
Amount of fun and enjoyment	69
Getting what I'm entitled to from life	63
The job generally	54
Getting ahead/achieving success	54
Things I can afford for children	54
Things I do to help others	53
How secure financially	49
Pay and fringe benefits on the job	45
Confidence in future/sense of security	44
Having enough money for emergencies	42
Standards/values of society	19

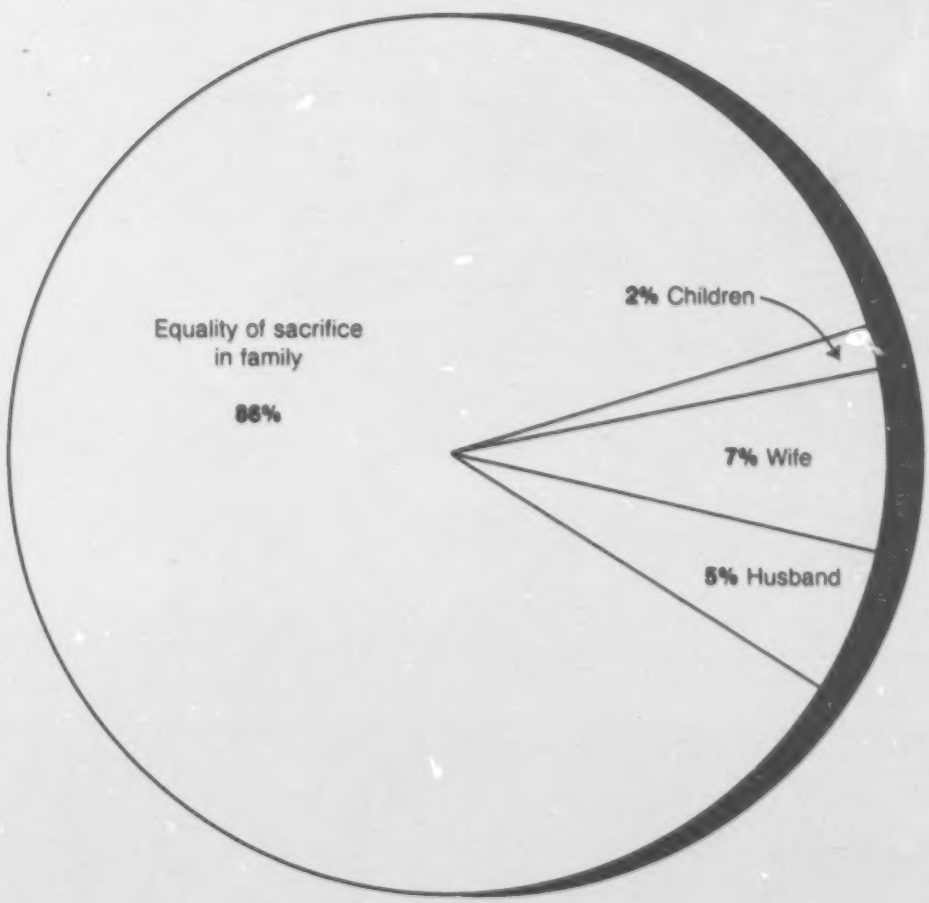
Satisfactions

Offsetting concerns about financial security is an embracing sense of satisfaction with self, with the individual's own ability to handle problems and with the way the family works together. Tied to these sentiments is a recognition that there is equality of sacrifice in the family, that no one family member is being asked to "give up" more than another. This ties in closely with what appears to be a diminishing belief that parents should "sacrifice" for their children. Indeed, today only one out of three of parents (33%) holds strongly to this point of view.

In spite of their problems, people feel pretty good about the fun and enjoyment they get from life. Their daily existence is not totally bleak, even for those whose standard of living has been depressed. Sixty percent of these very families still indicate a high level of satisfaction with the fun they are having, even though they are cutting back on such things as entertainment, going out and spending money on good times.

Indeed, except for their finances and economic security, a majority of family members are satisfied with most aspects of their lives and the standards and values of American society.

SACRIFICE IN THE FAMILY
(Chart 63)



The Protestant Ethic

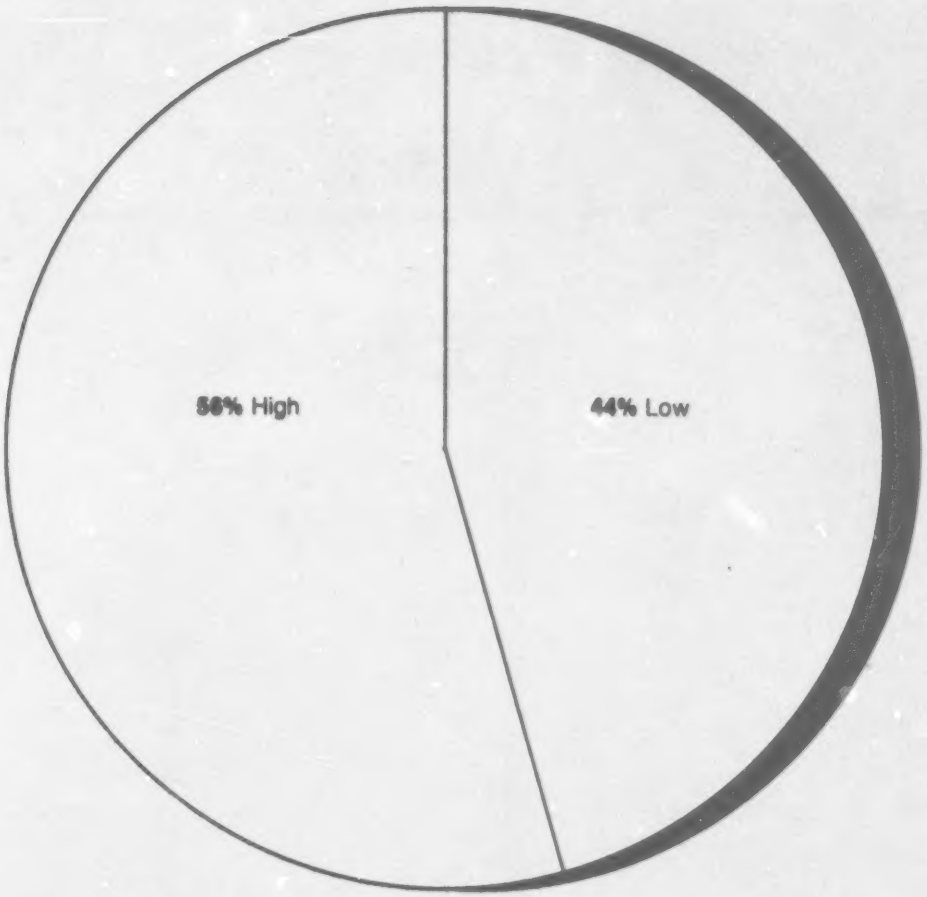
The Protestant Ethic continues to dominate the value structure of the American family. Fifty-six percent of all Americans are strongly committed to such traditional beliefs as "duty before pleasure," "hard work pays off," religion and "saving even if it means sacrifice."

This basic value structure operates in many ways in the current economic climate. Families with a strong commitment to the Protestant Ethic (labelled as High Protestant Ethic) are more likely than other families (Low Protestant Ethic) to be:

- Savers, not Spenders (High Protestant Ethic families, 51%; Low Protestant Ethic families, 44%)
- Secure about the future (High Protestant Ethic families, 49%; Low Protestant Ethic families, 37%)
- Less likely to argue about money (50% of the High Protestant Ethic families; 42% of the Low Protestant Ethic families)
- More likely to get fun and enjoyment out of life (74% of the High Protestant Ethic families; 62% of the Low Protestant Ethic families)
- More likely to be satisfied with the extent of success they have achieved (High Protestant Ethic families, 61%; Low Protestant Ethic families, 46%)
- More confident about having enough money for emergencies (High Protestant Ethic families, 49%; Low Protestant Ethic families, 34%)

In addition, High Protestant Ethic families believe each year will be better financially than the previous one (High Protestant Ethic, 56%; Low Protestant Ethic, 53%), but only 41% regard this continual improvement as a right which the government is obligated to maintain, compared to 63% of Low Protestant Ethic families.

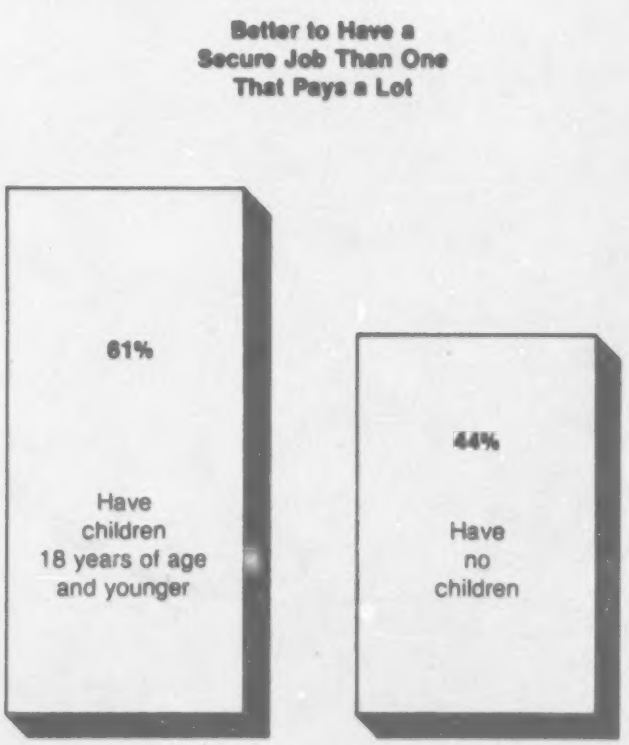
PROTESTANT ETHIC
(Chart 64)



Job Security

For some families, the ultimate asset is a secure job. Fifty-four percent of all families consider security rather than money the criterion that makes a job a good one. This is even more true for families with serious financial pressures (62%) and for households with young children (70%).

VIEWS ABOUT JOB
(Chart 65)



The Uses of Adversity

Recognizing all their problems, many American families still believe that some good things will result from the present bad times. They see themselves becoming:

- Wiser shoppers (70%)
- Less wasteful (59%)
- Satisfied with less (42%)
- More sympathetic and understanding (45%)

It is back to basic values for 33%, a greater sense of neighborliness for 15% and an increase in family togetherness for 25%.

But, on the negative side, there is growing loss of confidence in government leaders (53%), and there is a tragic 18%, mostly people pressed by money problems, who have given up their hopes and dreams.

EFFECTS OF STRUGGLING WITH TODAY'S MONEY PROBLEMS
(Chart 66)

+	%	−	%
Became wiser shopper	70	Lost confidence in government and leaders	53
Not so wasteful	59	Gave up hopes and dreams	18
More sympathetic to problems of poor	45	Created tensions/conflicts in family	16
Satisfied with less	42	Changed plans about size of family	7
Back to basic values	33		
Children learned value of money	29		
Doing more things together as family	25		
Grown closer to neighbors	15		

Confidence in Sources of Information and Help

Finally, there is the question of available help and confidence in the authorities and experts who can provide the help. This confidence itself could be an important resource for the family in its fight against inflation and recession. And the confidence is there. Families may question the governing ability of the federal government, but they do not doubt its trustworthiness as an important source of information about personal finances and money management. Over half (52%) express confidence in the kind of information they could get from Washington. Even more families feel confident about help and information available from church leaders (67%), banks (62%), home economists (61%), physicians (61%), consumer groups (62%), tax experts (57%) and social service agencies (53%). They are, however, less certain about the quality of help available from local government (43%), media (37%), business (31%) and stock brokers (21%).

This generally high level of confidence in experts and helping institutions presents a unique opportunity and challenge to these individuals and organizations as individual American families confront the present economy.

METHODOLOGY

"Money and the American Family" includes a number of unique features intended to insure the comprehensive nature of the project. These include:

- An In-depth Pilot Phase
- An Advisory Panel
- Interviews with Experts
- The Sample Design
- Dual Interviews

The In-depth Pilot Phase

The purpose of the Pilot Phase was to explore a wide range of topics relating to the effects of money and inflation on the American family. Two types of in-depth interviewing procedures were used. Six "focus" group sessions were held with respondents of varying social and economic backgrounds. In some groups, two members of the same family attended the session in order to provide preliminary explorations of family consensus and differences. In other groups, we interviewed only one member of any given family. Sessions were held in Long Island, New York; Los Angeles, California; Chicago, Illinois and Cincinnati, Ohio.

In addition, 46 individual depth interviews were conducted in nine cities and communities including: Floral Park and Little Neck, New York; Los Angeles, Panorama City and Gardena, California; Oklahoma City, Oklahoma; Chicago, Illinois; Charlotte, North Carolina and Cincinnati, Ohio.

The majority of these depth interviews were conducted with more than one member of a given family. In ten families, we interviewed both the husband and the wife; in another ten families, we interviewed one parent and one teen-age child. In these cases, the dual interviews were conducted separately to insure candidness.

From these interviews, hypotheses were developed about the role of money in the American family, the effect of the present economy on family life, the changes being made by individual families to cope with inflation, the problems with which families appeared to need help and some of the potentially lasting effects of the current situation on family structure and values. These hypotheses, along with the input from the Advisory Panel and the experts, constituted the basis for this quantitative survey of the American Family.

The Advisory Panel

The second step in the development of the overall study was to establish an Advisory Panel of distinguished Americans who are directly or indirectly concerned with the American family. (See Introduction for the listing of individual panel members.) Once the pilot study interviews had been completed, the initial findings of this phase were reported to the Panel Members* who discussed and commented on them and contributed their own ideas and hypotheses for incorporation into the final study.

*Members who were unable to attend the panel meeting were consulted on an individual basis.

The Interviews with the Experts

The third phase of the study involved interviews with more than 150 experts and professionals on almost every aspect of the American family. These experts included:

- Social workers
- Home economists
- Bankers, loan officers and credit managers
- Teachers, principals, guidance counselors
- College professors, placement officers and financial aid advisors
- Doctors, dentists, officials of medical organizations
- Psychiatrists, psychologists
- Heads of government agencies
- Marriage counselors
- Community and religious leaders
- Editors, columnists and commentators

In short, we tried to reach those professionals whose work brings them in close contact with contemporary family life and family problems. Experts —both grass roots practitioners as well as professionals of national standing and prominence—were chosen to insure a wide variety by geography, race, age, sex and scholarly discipline or field of specialization.

The objectives of the survey of experts were twofold:

- To gain insights and hypotheses from these experts about the role of finances in American life, and particularly the current impact of inflation and related economic stress
- To provide an important source of input to the national survey by learning more about the kinds of answers which these professionals would most like to gain from a study of this nature

The Sample Design

Since this study centered on the family unit, the sample was designed to represent families rather than the traditional household or general population replica. The sampling unit in the study was the family and the universe, the total families in the United States, defined by the U.S. Census as "Households with two or more members related by marriage, blood or adoption."

In addition, in designing the sample, special steps were taken to insure that the base of households with children 18 years of age and under would be large enough to provide for detailed analysis by demographic groupings. Thus the total sample for the study is based on a national probability sample of 2,502 families in which interviews were conducted in every household in which there was a child 18 years of age or younger living at home and in every 4th of the remaining households which met the Census requirement as a "family."

In all, 1,247 adult members of families were interviewed as "Primary" respondents in this phase of the project. In analyzing the results, statistical weights were applied to account for this disproportionate sampling of families with children and all results are projectable to the total families of the continental United States.

The Dual Interviews

One of the most striking features of the study is the dual interview, for it provides a unique opportunity to examine the dynamics of family life, to see how money affects the interaction of one family member with another—a dimension lost in a general cross section sample.

In three out of four of the total families surveyed, a second interview was conducted. It covered many of the major questions contained in the original questionnaire and was carried out independently with another member of the same family—either the husband or wife or a teen-age child if there was one living at home. A total of 947 interviews with second family members were obtained, including 256 with husbands, 386 with wives and 288 with teen-agers. The combined number of primary and corroboratory interviews totalled 2,194.*

*Seventeen other interviews were done with other family members such as children over 19 years of age.

The Questionnaires

Two questionnaire forms were used:

The Long Form: The basic questionnaire required about an hour to an hour and a half of the interviewee's time and was administered to the predesignated primary respondent in each family. The questionnaire contained both open-ended and "closed" questions and covered all aspects of money and family life raised in the Pilot Phase, as well as those subjects suggested by the Advisory Panel and the experts interviewed in the earlier stages of the project.

The Short Form: This questionnaire was used with the second family member to be interviewed. It was self-administered since earlier testing had indicated that this approach helped to protect the confidentiality of the second respondent and also to eliminate any bias resulting from one family member influencing the responses of another.

The short form was filled out by the second family member either out of earshot of the primary respondent during his or her initial interview or during a call-back to the household for the special purpose of having this questionnaire completed by the designated household member, again in total privacy.

All interviewing on the national quantitative survey took place during November and December, 1974 and the first week of January, 1975.*

* No interviews were done during the Christmas-to-New Year holiday season in order to avoid the problem of some respondents being interviewed during the holiday season and others not.

The Analysis

Over 50 variables were used in analyzing the results of this study, including both demographic and nondemographic breakdowns. The major data source is the long questionnaire completed with the primary respondent in each household. Special supplementary cross tabulations were done, however, measuring consensus and disagreement among family members on all questions asked in both questionnaires.

The demographic variables used in the study are primarily those associated with stage in life cycle, particularly as determined by the ages of children in the household and the size and income of the family.

MAJOR DEMOGRAPHIC ANALYTICAL GROUPS

Total Sample	**100**
Men	45
Women	55
FAMILY WITH CHILDREN 18 YEARS OF AGE OR YOUNGER	57
1 or 2 children	32
3 or more children	25
Child under 5 years of age*	22
Child 5 years to 11 years of age*	32
Child 12 years to 18 years of age*	33
Family has no child 18 years of age or under	43
Senior Citizens (65 years of age and older)	11
INCOME**	
Under $10,000	38
$10,000 to 14,999	27
$15,000 to 19,999	15
$20,000 and over	13
Nonwhite Families	12
Working Women (full or part time)	44

* Not mutually exclusive.
** Seven percent refused to give their incomes.

THE SAMPLE

NATIONAL PROBABILITY SAMPLE—2,502

1,247 FAMILIES (LONG INTERVIEW FORM)
711 WITH CHILDREN 18 YEARS OF AGE AND YOUNGER
536 WITHOUT CHILDREN

947 INTERVIEWS WITH SECOND FAMILY MEMBERS
256 HUSBANDS
386 WIVES
288 TEEN-AGERS
17 OTHER FAMILY MEMBERS

TOTAL INTERVIEWS—2,194

The views and conclusions expressed in this Study are those of Yankelovich, Skelly and White, Inc.